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- 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



- EU & BE Balancing Program Update
  - 14:00 14:20 Connection to PICASSO
  - 14:20 14:40 MARI & iCAROS phase 1
  - 14:40 15:00 T&C BRP and imbalance tariffs next steps
  - 15:00 15:40 Consolidated roadmap 2023
  - 15:40 15:50 Coming Stakeholder management interactions
- 15:50 16:00 10' BREAK
- 16:00 16:15 Follow-up incentive study on combos: multiple FSP on a DP and cascade
- 16:15 16:30 Study on potential evolutions of the BRP perimeter corrections
- 16:30 16:45 Incentive on prequalification, control, and penalties for the aFRR and mFRR services
- 16:45 17:00 Prediction of Deterministic Frequency Deviation (DFD) and of the Elia contribution
- AOB:
- 17:00 17:10 Communication on the go-live of aFRR on LV
- 17:10 17:20 MVAr service Review and recommendations for design optimisations





# Minutes of Meeting for approval

Minutes of Meeting of WG Balancing of 9th December 2022

No comments or remarks from the stakeholders

#### **Suggestion to approve:**

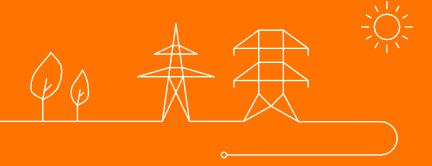
• The MoM of 09/12/2022





# **EU Balancing Program Update**

Cécile Pellegrin, Philippe Magnant, Anna Tsiokanos



#### **Context - Reminder WG BAL 09/12/22**



### Status and next steps

- Way forward was discussed during last WG BAL and Stakeholders provided complementary feedbacks to ELIA in the weeks following the
  meeting. The feedbacks focus mainly on planning. No new specific input were given concerning the conditions for the connection to
  PICASSO and/or the organization of the observation run.
- Feedbacks include, among others:
  - Regrets that the recommendation for the connection to PICASSO could not be followed and towards the risks and uncertainties it creates
  - Worries towards the process, content and implementation of the balancing rules / Imbalance price and the impact it could have on the planning
  - Concerns about the feasibility of the timeline for the local go-live for MARI and iCAROS phase 1
  - Reminder of the importance of plannability
- Stakeholders asked during the WG BAL for an overview of what is expected for 2023 (including incentives).
- ELIA is now, based on the different feedbacks and constraints, working on:
  - A concrete proposal for the connection modalities to PICASSO
  - A consolidated roadmap for 2023
- Consolidated roadmap will include
  - MARI, PICASSO, iCAROS phase 1
  - Other evolutions foreseen on balancing products
  - Balancing incentives
  - Considerations on the way forward for T&C BRP/ Balancing rules



## Agenda of today's presentation

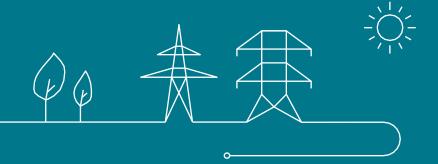


- Connection to PICASSO
- MARI & iCAROS phase 1
- T&C BRP and imbalance tariffs' next steps
- Other initiatives and High level consolidated roadmap
- Coming Stakeholder management interactions





# **Connection to PICASSO**





### Context and goal of the presentation

#### **Context of the presentation**

- The CREG has extended the derogation for the connection to the aFRR-Platform, thereby preferring an extension
  of the derogation over the introduction of a local temporary price cap on the aFRR energy bids
- Stakeholders have provided feedback on the conditions to connect to the aFRR-Platform and on the related planning
- In the meanwhile, more experience is gained on the prices observed on the aFRR-Platform (DE, AT and CZ) and discussions have started at European level with TSOs, NRAs and ACER

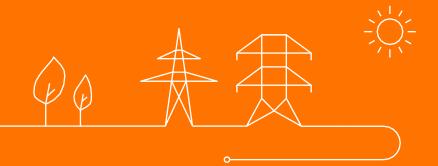
#### **Goal of the presentation**

- Share insights on the prices observed on the aFRR-Platform
- Present the proposed approach and planning for the connection to the aFRR-Platform



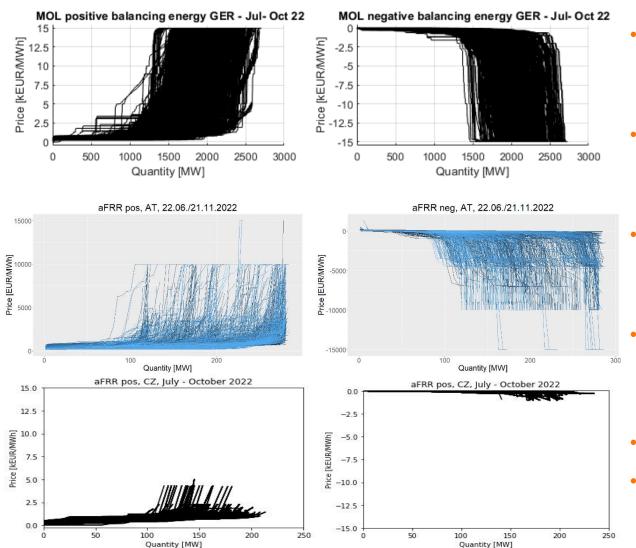


# Part 1: prices observed on the aFRR-Platform





## LMOLs of DE, AT and CZ

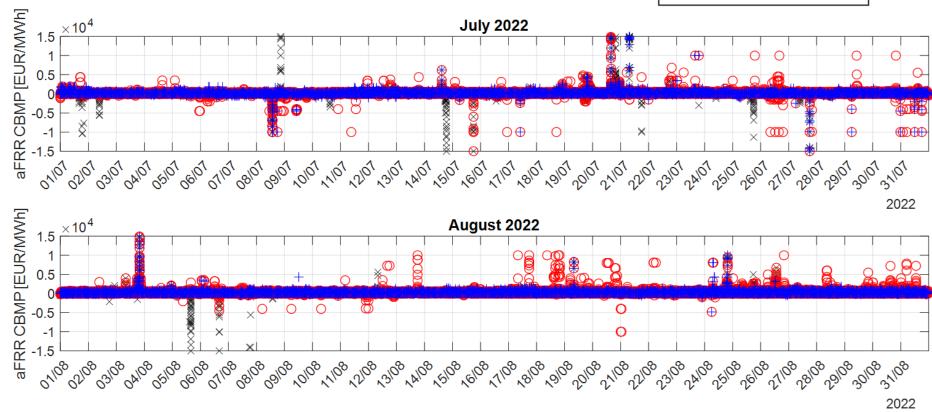


- Bidding behaviour didn't change significantly by introducing Marginal Pricing
  - → in line with Elia's assumptions in the observation round
- Germany has prices up to 15k€/MWh (price cap), but has a large merit-order
  - → price spikes only in case of significant aFRR demand
- Austria has bids at ~10k€/MWh for demands of ~200MWs at the end of the merit-order
  - → frequent price spikes (see next slides)
  - Czech Republic: prices in the range [-1k€/MWh; 5k€/MWh] until October '22, but very negative prices (until -10k€/MWh) observed recently
- Prices spikes didn't attract additional liquidity up to now
- REMINDER: Elia's observation round assumed end of the LMOLs at 3k€/MWh in UP and -2.5k€/MWh in DOWN | 11



#### **Prices on aFRR-Platform**

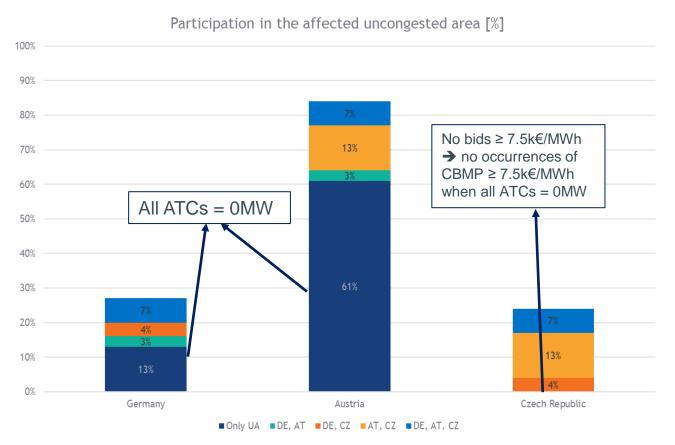
× DE-4TSOsO AT-APG+ CZ-CEPS



- 4" CBMPs in July in DE, AT and CZ, in the range from -15.000€/MWh to +15.000€/MWh
- Frequent price spikes (mainly short duration)
- Similar trends for other months



#### **Prices on aFRR-Platform**



- The figure illustrates the occurrences of the uncongested area configurations when prices are beyond +-7.5k€/MWh (until 10/'22)
  - → Marginal pricing applied in a small market-area is likely to cause high prices
  - → Confirms importance of ATCs
- How much do we expect Elia to be affected by high prices
  - ✓ Depends on the prices at the end of the merit order
  - Extending the reasoning to prices which are high but not necessarily ≥ 7.5k€/MWh threshold, our situation would likely be closer to the current situation of Austria, which has a limited merit-order and 2 interconnections with PICASSO TSOs

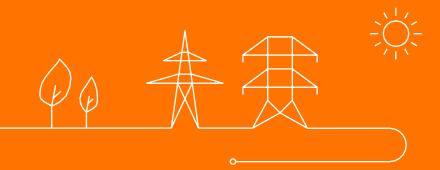


#### **Conclusions**

- The assumptions taken and the risks identified in the observation round are confirmed and reinforced by the first observations on the aFRR platform
  - ✓ Bid prices assumed are below the observations in the 3 participating countries
  - ✓ Marginal pricing, combined with high price caps, applied to a TSO with a limited merit-order, is likely to cause high prices → importance of ATCs
- Elia and the CREG are active in discussions at European level. Currently, those discussions are however mainly focused on medium-long term solutions



# Part 2: Proposed approach and planning for the connection to the aFRR-Platform





#### Introduction

- Following the decision of the CREG to extend the derogation, the way forward was discussed during last WG BAL and stakeholders provided complementary feedbacks to ELIA in the weeks following the meeting
- The feedbacks focus mainly on planning; market parties emphasize the need for plannability. No new specific input is given concerning the conditions for the connection to PICASSO and/or the organization and content of a new observation round before the connection

On the basis of the observation round, the prices observed on the aFRR-Platform, the stakeholder's feedback and CREG's position, a proposed approach and planning for the connection to the aFRR-Platform is presented in next slides



## Key elements to consider

- A **significant increase of costs** for the final consumer, be it via the tariffs or via the imbalance price, is **unacceptable** (even with a local price cap there is a risk of (limited) cost increase due to the marginal pricing)
- Liquidity in the aFRR energy market is not sufficient to manage the risk of local price spikes
- The connection of RTE is expected to mitigate the cost increase. However, even if connecting after RTE, a risk of significant cost increase remains. It is very unlikely that a new observation round would lead to different conclusions, in particular if bid prices comparable to those observed in other countries are assumed in Belgium.
- It is not acceptable for the CREG to approve a local price cap, at least before all other legal options (i.e. the derogation) are used
- Alternative (EU) short term mitigations seem unlikely by the end of the derogation
- The new planning for the connection to the aFRR-Platform should be robust
  - ✓ Plannability for market parties
  - ✓ Plannability for Elia
  - ✓ Plannability of regulated documents track
  - Process at European level



### Proposed approach

- Keep looking at European level for alternative short term mitigations (market support is likely to be needed!)
- Plan to connect close to the end of the derogation (24/07/2024), with a local price cap unless alternative mitigations have been agreed and implemented
- The local price cap, if relevant, shall be released when sufficient liquidity is observed or when effective measures are implemented at European level
- In this setup, the new observation round is not a go/no-go condition
- Advantages:
  - ✓ Risk of cost increase is very much mitigated
  - ✓ Planning is robust, independent of RTE's connection and of the results of the observation round



### **Proposed approach**

- Should an observation round be performed after RTE's connection, based on sufficient data, and should the outcome be positive even without the implementation of local price cap (very unlikely), the most optimistic planning would be the following, not taking into account any other constraints:
  - ✓ Connection of RTE: currently announced 01/07/23
  - ✓ Reasonable to assume that the observation round may in practice only start, at the earliest, after the summer → 2 rounds of discussion in WG Balancing in 12/23 and CREG's decision in 01/24
  - ✓ Should the observation round result in the need to make modifications in the T&Cs, for instance the implementation of a local price cap, the connection would then have to be postponed after the legal deadline
  - ✓ EU approval process, re-testing and go-live preparation: Feb-March '24.
  - ✓ Go-live 04/'24
  - → Conclusion: while increasing uncertainties and/or need of last minute planning by conditioning the go-live to both RTE's connection and a positive outcome of a new observation round, this planning doesn't allow to gain, in the best case and without taking into account any other constraints, more than 2 months on Elia's proposal



## **Resulting planning**

Based on these considerations, the resulting planning would be the following

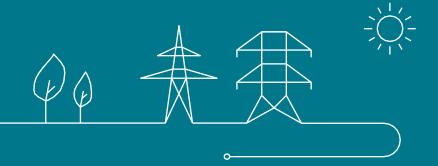


- In the event the price cap is not accepted and that no effective alternative mitigation has been identified, 2 options are remaining:
  - 1. Respect legal deadline and accept the risk of cost increase for the end consumer. Important that this is an informed choice
  - 2. Ignore legal deadline and link the connection to development of liquidity in the Belgian aFRR Energy market... but much more liquidity will be necessary than the 20% increase for 75% of the time of the WG Balancing recommendation, as it is no longer combined with a price cap.





# MARI & iCAROS phase 1





## MARI & iCAROS phase 1

- Stakeholders provided complementary feedbacks to ELIA after the negative decision on PICASSO connection and the discussion in the WG BAL of the 27/10/22. Feedbacks included, among others:
  - Worries towards the process, content and implementation of the balancing rules / Imbalance price and the impact it could have on the planning
  - Concerns about the feasibility of the timeline for the local go-live for MARI and iCAROS 1
  - Reminder of the importance of plannability
- Beginning of this year, bilateral exchanges took place with several parties to better assess the received feedbacks and the feasibility of the existing planning.
- On this basis, proposal is to adapt the planning as followed:
  - Mid February 2024: Local go live of the new mFRR bidding and iCAROS phase 1
  - Mid April 2024: Connection to EU mFRR balancing energy platform

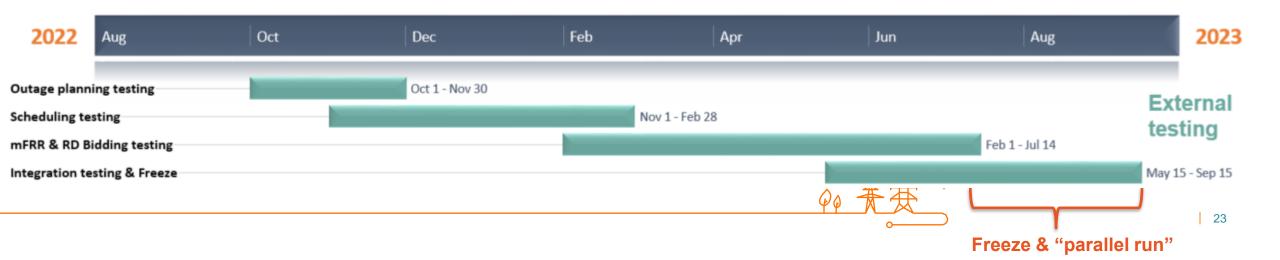
And to **foresee collectively a proactive follow-up** (including clear and regular view on advancement and in case of delays mitigation plan) with the market parties, of the implementation, the sequential testing and the "dry run" in order to ensure the readiness of all parties (**see here after**)..

#### Reminder WG BAL 22/06/22



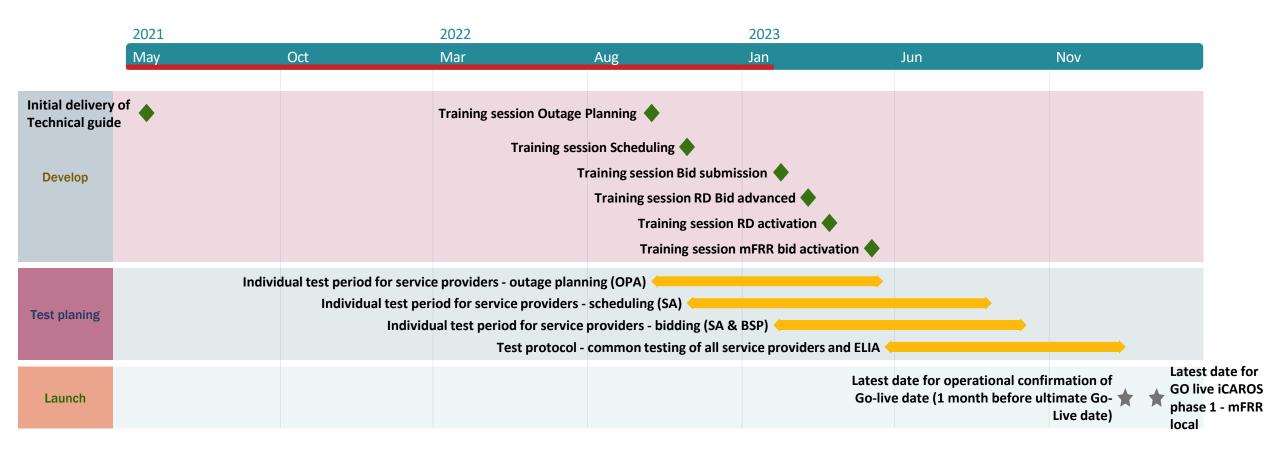
### **External testing with market parties**

- 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)





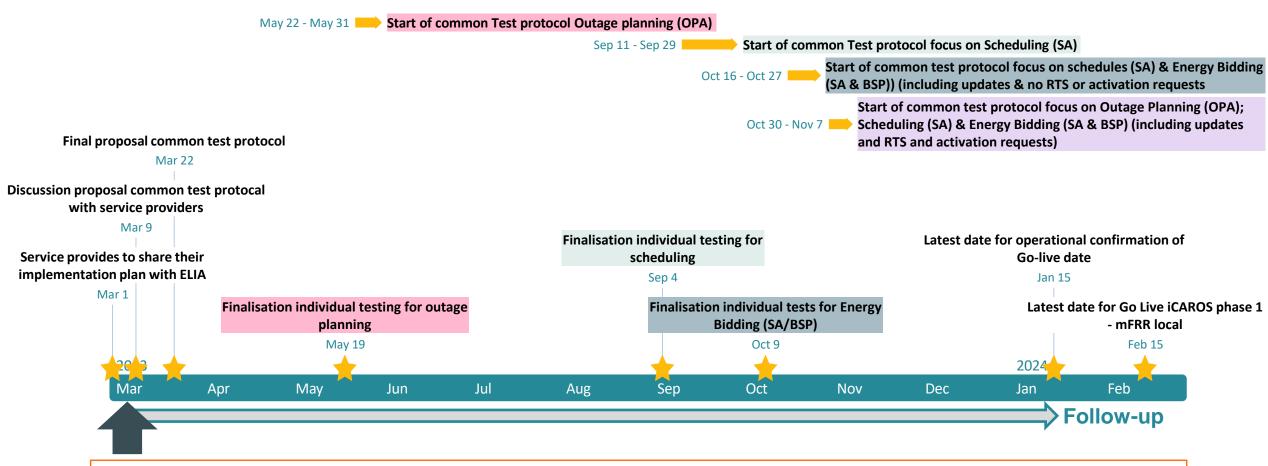
# **External testing with market parties**



# <u>Initial draft</u> for follow-up of advancement of iCAROS phase 1 and mFRR-local implementation - to be further discussed with service providers



All mentioned tests will be performed in demo environment



#### **Next steps:**

- Service providers to share their implementation plan with ELIA (start date of development, foreseen intermediate milestones)
- Discussion and finalization of the detailed milestones and testing protocols

# **External testing with market parties**



	Focus	Training session		Demo	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 took place. Ad hoc additional information sessions are organized.	
mFRR & RD bid submission & activation process*	01/02 - 14/07/23	mFRR & RD bid submission - basics  RD bid submission - advanced  RD activation process  mFRR bid submission - advanced  mFRR activation process	D8/02/23  Begin March 2023  End March 2023  TBD with interval of min 3 weeks  TBD with interval of min 3 weeks	Available & support foreseen from info session on	Follow-up reporting in WG BAL to be adapted based on finalized detailed milestones and testing protocols	
Integration testing & Freeze	15/05 – 15/09/23	NA		NA		

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



## Consolidated planning for MARI, iCAROS Phase 1 and PICASSO

# Roadmap as defined in June 2022 (Connection for PICASSO intended in 2022)

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



#### **Update of the Roadmap**

- Local go live of the new mFRR bidding and iCAROS phase 1 Mid February 2024
- Connection to <u>EU mFRR balancing energy platform</u> <u>Mid April 2024</u>
- Connection to <u>EU aFRR balancing energy platform</u>
   <u>Mid June 2024</u>

NB : The two months period is needed between the different go-lives



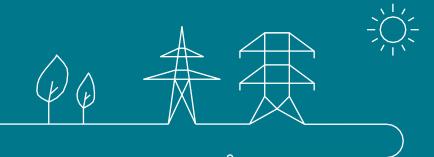
Careful follow-up of the progress of the implementation, testing and dry run in order to ensure the readiness for local mFRR / iCAROS phase 1 go live







# T&C BRP and imbalance tariffs next steps



Elia wishes to make it clear that following slides do not, in any way, call into question the relevance or the scope of the appeal that Elia has initiated against the procedure as currently conducted by CREG. On the contrary, those are described with all reservations and do not constitute an acquiescence from Elia with regard to the validity of the approach followed by CREG.



# Agenda

- Context
- Elia's proposed way forward included in consultation response as well as Elia's main concerns
- Practical approach on T&C BRP, Tariff Proposal and Balancing Rules



#### Context



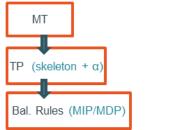
- CREG launched a public consultation of her Draft Decision (PRD)2497 for amendment of the T&C's BRP
- This proposal contains:
  - Description of the Imbalance price components:
    - Main component (= MIP/MDP) art. 29.2 & 29.3
    - Additional component art 29.4 & 29.5
  - 2 situations covered:
    - before any connection to a EU balancing platform art. 29.2.1; 29.3.1 & 29.6.1
    - after connection to Picasso (but without Mari) art. 29.2.2; 29.3.2 & 29.6.2

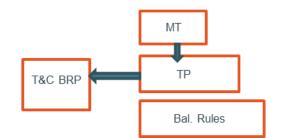
#### Main modifications consist in:

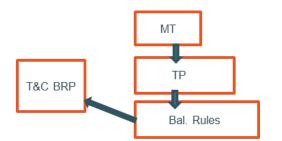
- Move the Imbalance price components from their current places (Balancing Rules, Tariff Proposal) to the T&C BRP
- Withdraw CAP/FLOOR + Dead Band from the formula approved on 19 July 2022 for the situation after Picasso
- Precise that there is "no additional component applied"

- Implementation Plan described in T&C BRP:
  - EiF of those changes together with next amendments of Tariff Proposal and/or Balancing Rules that have to be done by Elia
  - Indeed the Belgian legal basis refers to Tariff Proposal and Balancing Rules -> correct cleaning up and references to the T&C BRP are necessary
  - Way forward and exact dates are left to Elia's discretion, 2 options are explained









## Elia's proposed way forward included in consultation response



#### As indicated before, Elia agrees with moving the imbalance tariff components from the balancing rules to T&C BRP

Elia proposed to do so together with the next modifications (in casu: to prepare connection to MARI, see later)

#### Elia strongly disagrees with the modifications proposed by CREG to the imbalance tariff after joining Picasso

- Endangers safe operations of the system; mitigation measures proposed by CREG are insufficient
- Risk for increasing balancing reserves and costs
- Formula of CREG does not represent real time value of energy and can lead to non-optimal situations
- Given that after recent developments on Picasso, Belgium will first join MARI, CREG proposal after Picasso will most likely never apply
- CREG proposal cannot be extended to a situation with Picasso and MARI, while a formula with CAP/Floor & DeadBand would

#### As the proposal of CREG after Picasso will most likely never apply (MARI before Picasso), our proposal is to:

- Maintain the move of imbalance price for situation <u>before Picasso</u> and delete proposal <u>after Picasso</u>
- Elia to start discussions with market parties and CREG on imbalance price formula compliant with MARI & Picasso
- Ask CREG to clarify the approach on alpha (stating that there is no additional component is misleading and unnecessary since, conform the legal basis, alpha in Tariff Proposal applies). Concretely Elia suggest to delete the related articles or to copy the alpha for information.

System security is red line for Elia

Elia's concerns are confirmed by two external analyses (Neon, Onoma) annexed in Elia's answer

#### How will Elia address the modifications in T&C BRP / TP / Balancing Rules?



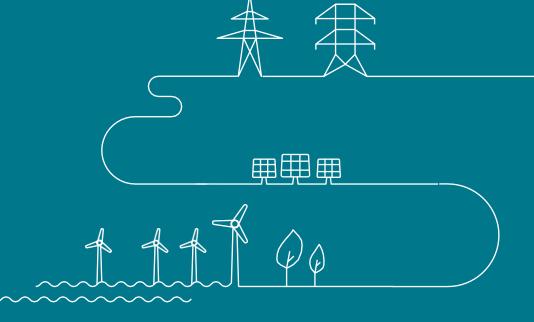
- As explained in previous slide, CREG links the EiF of it's modifications to the amendment of the Balancing Rules by Elia
- Concretely the very next "package" of modifications that is foreseen is the one necessary for Mari
  - In practice the consultations foreseen in ~ Q2 2023, after CREG's final Draft Decision (PRD)2497
- In this next public consultation Elia will describe the components of the Imbalance Tariffs in the T&C BRP and amend the necessary documents
  - Three situations will be described.

BE not connected connection to Mari connection to Mari + Picasso





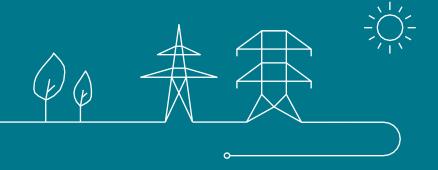






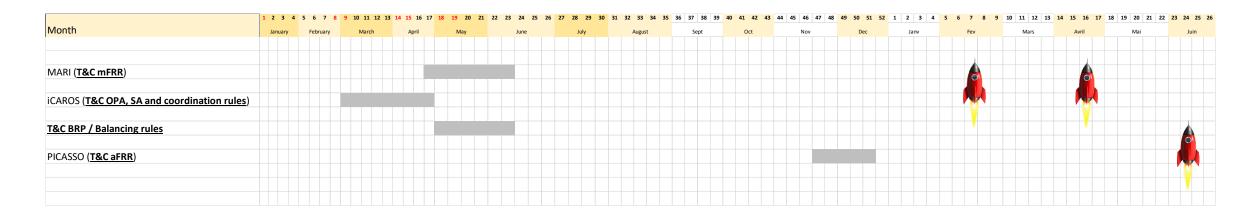


# Other initiatives and High level consolidated roadmap





## **Consolidated High level Roadmap**





#### Consultation of regulated documents will be foreseen as follow:

- Q1 2023 for iCAROS (formal consultation for T&C OPA, T&C SA, Coordination Rules and informal consultation for planning iCAROS phase 2)
- Q2 for MARI (T&C mFRR, T&C BRP and Balancing rules)
- Q4 for aFRR T&C



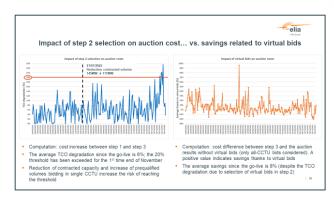
# Other initiatives – Incentives 2023

Incentives		
Evaluation des modalités de préqualification, contrôle et pénalités des services mFRR et aFRR	Will be followed in WG BAL	Presented today
Étude sur les possibilités et éventuelles évolutions de correction du périmètre du BRP en cas d'activation d'offres d'énergie pour la mFRR ou le redispatching	Will be followed in WG BAL	Presented today
MVAr service – review and recommendations for design optimisations	Will be followed in WG Belgian grid	Presented today and in next WG Belgian grid
Cartes de capacités d'accueil de raccordement de production, consommation et stockage	Will be followed in WG Belgian grid	Presented in next WG Belgian grid
Cost benefit analysis on requirements for generators applicable on existing and new generating units between 1 and 25 MW	Will be followed in WG Belgian grid	Presented in next WG Belgian grid
Prédiction des "deterministic frequency deviation" (DFD) et de la contribution d'Elia	Will be followed in WG BAL	Presented today



#### Other initiatives – Product evolutions

- aFRR Design evolutions
  - TCO Degradation price Cap
  - Other evolutions as aFRR RT Baseline, aFRR activation method, ...

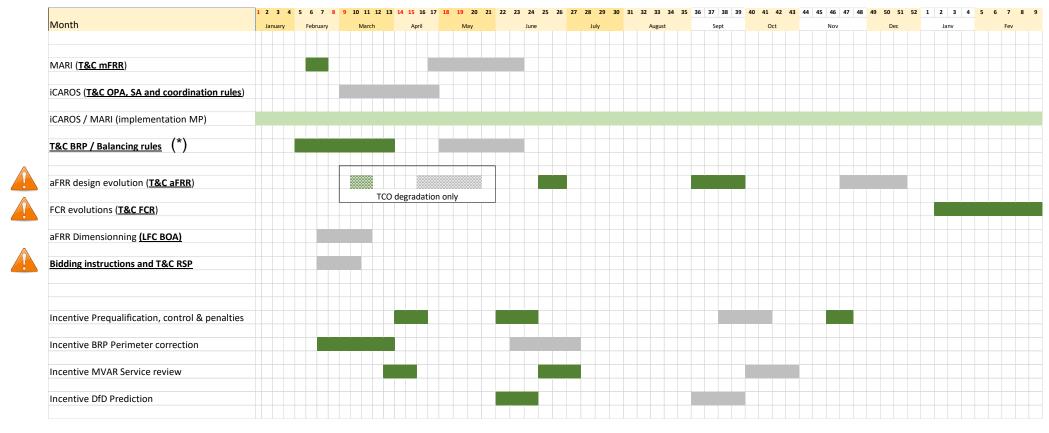


- FCR Design evolutions
  - Additional properties
  - Other evolutions as Amendment of Baseline and Activation Control Methodology, Combo FCR/aFRR, Migration from BMAP to BIPLE, ..
- aFRR Dimensioning
- Bidding instructions and T&C RSP
- Other modifications will impact the T&C BRP in particular in the context of CCMD (see WG CCMD for more information). Modifications to other regulatory documents for CCMD will follow a similar planning

<u>NB</u>: Taking into account the feedback received on the winterplan (250MW mFRR / bidding obligation), Elia is investigating how to implement such scheme in a more enduring way (not included yet in roadmap).

### Consolidated High level Roadmap Market consultations & implementation period



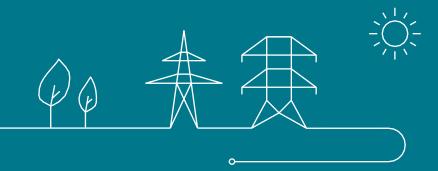


(\*) Modifications to other regulatory documents for CCMD will follow a similar planning

Indicated periods remain indicative



## Coming Stakeholder management interactions



#### Coming stakeholder management interactions





- Next interactions
  - On the 08/02/23
    - Training session SA/BSP: mFRR & RD bidding testing (basics)
    - Information session focusing on the overview of contractual principles relevant for the new Outage
       Planning Agent and Scheduling Agent contract coming into force at the go live of iCAROS Phase
       [mandatory participation for units of 25 MW and more]
  - On the 15/02/23
    - Information session dedicated to reserve dimensioning
    - MARI information session (reminder of MARI design & design points that have changed)
  - For 01/03/23 Service providers to share their implementation plan with ELIA (start date of development, intermediate milestones)
  - Public consultation for T&C OPA, SA and coordination rules (target date for start: early March 2023)
  - Discussion proposal common test protocol with service providers (09/03/23)
  - BSP Facilitations
- ELIA is initiating the identification of incentives for 2024. Any idea may be shared before mid February with their KAM Energy

#### elia Elia Group

#### **Contact persons**



#### **KAM Energy**

Amandine Leroux / Arno Motté

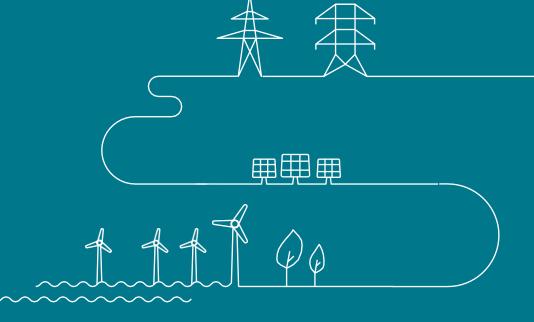
#### Implementation ad hoc sessions (on request)

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





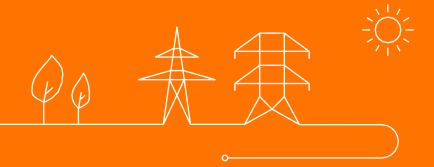






# 2022 Incentive on combo's for DPPG – Possibilities for combo's behind the same Access Point and Delivery Point

Kris Poncelet



#### **Context & objectives**



In 2022, Elia performed a study on combo activations with following recommendations:

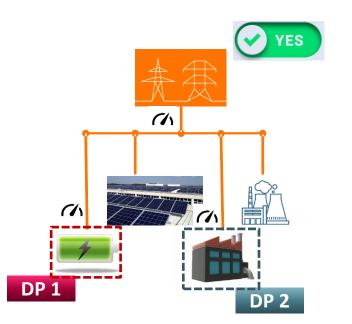
Combo	Study's main recommendation
FCR-aFRR	Activation combo's are allowed and further improvements to the current design have been proposed
aFRR-mFRR	Activation combo's are currently not allowed. A design has been proposed to enable this combo and a plan for the implementation is presented.
mFRR-DA/ID with ToE	Activation combo's are currently not allowed. A design has been proposed to enable this combo but Elia proposes not to proceed with the implementation of this combo at this point.

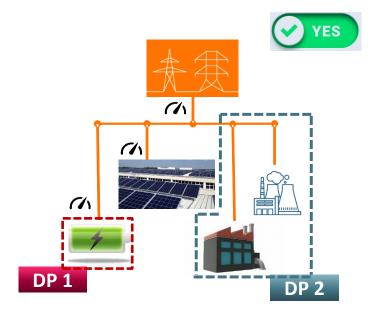
- The following elements were out of scope of the study:
  - Multiple DPs, each with a unique FSP, behind the same Access Point (possibly in cascade)
  - Multiple FSPs active on the same DP
- Following feedback during the public consultation of the study, **Elia would like to take the opportunity to**:
  - 1. Provide clarifications regarding the existing possibilities for having multiple DPs behind the same AP
  - 2. Motivate the proposal to first address combo's and not to prioritize the Multiple FSP functionality

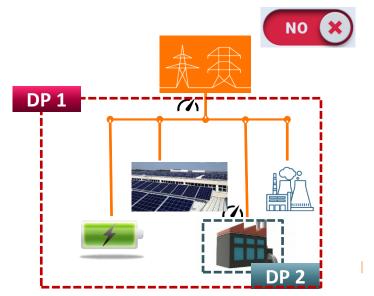
#### **Current possibilities for multiple DPs behind the same Access Point**



- ✓ A delivery point is identified by a meter (mFRR, DA/ID) and/or a measurement device (FCR, aFRR)
  - ✓ Submetering solutions are possible (incl. the possibility to use an equation based on the head meter and submeter(s))
- **✓** Behind the same AP, multiple DPs can be registered on the condition that there is no cascade of DPs
  - ✓ For the same or for different services
  - ✓ By the same or by different FSPs
  - ✓ Participating at the same moment
- ✓ Cascade of DPs is not allowed.
  - ✓ The response measured at the upstream DP would be influenced by the downstream DP
  - ✓ Exception: FCR/mFRR + same BSP

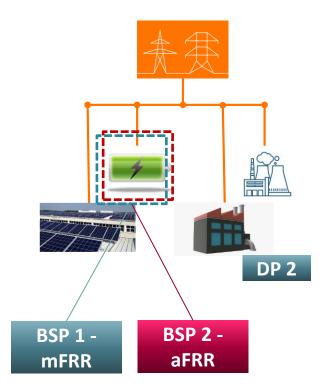






#### Multiple FSPs active on the same DP





#### Continuous ex-ante and close-to-real time alignment would be needed between the involved FSPs:

- Bidding phase ⇒ FSPs should ensure that the sum of the offered volumes can be delivered
- Activation phase & settlement ⇒ one activation could have an impact on the settlement of the other activation:
  - aFRR baseline should consider the mFRR activation during the same Qh
  - mFRR activation should consider corrections applied in the activation control related to the aFRR activation
  - Activations during prior quarter hours could impact the baseline during the Qh concerned
  - The baseline applied could be different during combo activations (e.g., apply a master High X of Y\* baseline during combo's for the combo mFRR & DA/ID)

#### Elia has doubts on the actual benefits and usage of the Multiple FSP functionality

- Would competition between FSPs be increased and FSP lock-in effects be removed, or would the risk and operational load related to the alignment need with a potential second FSP rather lead to a strengthening of the commercial conditions imposed?
- No concrete insights have been provided regarding the delivery points and volumes that would benefit from this functionality



## Elia believes there are opportunities to foster competition between BSPs/FSPs that would have more impact in the short term

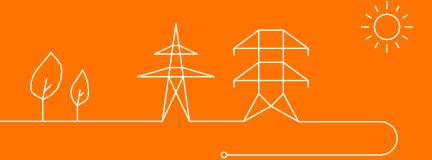
- Elia actively supports actions to foster competition between FSPs/BSPs and to avoid BSP/FSP lock-in effects. In this regard, Elia is undertaking several actions:
  - Proposal of an alternative design for ToE based on an individual correction mechanism to avoid the lengthy
    administrative procedure and resulting lock-in effect related to ToE<sup>1</sup>
  - Facilitation of Supply split/Multiple BRP enabling market parties to more easily take up the different roles (Supplier, BRP, BSP) for specific assets behind the Head Meter (foreseen by end 2023 for TSO-connected points)<sup>1</sup>
  - 2023 study on the prequalification modalities, activation control and penalties for the mFRR/aFRR services, where different barriers for market participation will be analyzed. Elia will investigate how the transfer of DPs from one BSP to another can be facilitated.
- Elia considers that the implementation of the above actions will contribute more strongly to fostering competition than the development of the multiple FSP functionality for a single DP
- However, Elia is open to discuss with market parties regarding their needs, their perceived barriers and the
  prioritization of different developments.

<sup>&</sup>lt;sup>1</sup> More information related to the proposed design can be found in the Design Note on the Consumer Centric Market Design that has recently been consulted and is available on the Elia website.



## **Balancing Incentive – BRP**perimeter corrections

Kris Poncelet





#### Context

- In case of the activation of mFRR and/or redispatch energy bids, the BRP Balancing Perimeter is currently corrected with the requested volume (correction of the type –Ereq).
- Questions can be raised regarding the suitability of the current BRP perimeter corrections in the context of different evolutions:
  - How to ensure that the perimeter corrections (and imbalance prices) do not provide incentives for not (fully) delivering the requested energy (in particular in the context of the integration of the European balancing platforms)? Would perimeter corrections with the delivered volume of flexibility (complemented by incentives from the activation control) be more appropriate?
  - The shape and requirements with respect to the activation profiles are changing ⇒ is there a need for the block approach to evolve, e.g., to consider the volumes during the ramping periods?
  - Different parties will in the future be able to take up the role of SA/BSP and BRP ⇒ How to avoid the impact on the Balancing Perimeter of the BRP (in case the BRP ≠ SA/BSP in the future)? Is there a need to introduce a BRP<sub>SA</sub> (similar to the BRP<sub>BSP</sub>)?

#### **Objective**

The objective of the study is to determine the most suitable design for the correction of the Balancing Perimeter in case of activations of mFRR or redispatch energy bids in the context of the different foreseen evolutions.

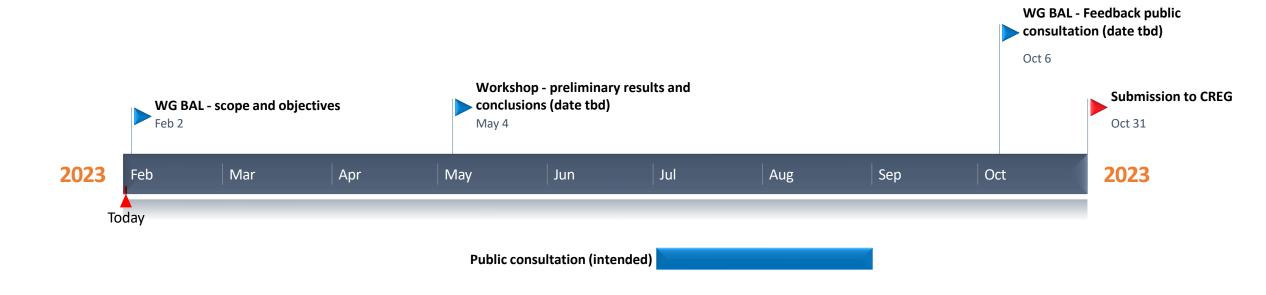


#### The objective is translated into a work plan of 4 steps:

- 1) Provide an **overview of the different possibilities for BRP perimeter corrections** and their impact on other design elements (if applicable)
- 2) Perform a holistic assessment of the possible perimeter corrections based on different criteria. The assessment considers (among others):
  - The possibilities and implications for the split of roles BRP-SA/BSP
  - The impact on the **financial incentives for correct delivery** of the activated redispatch and/or mFRR energy bids
  - The impact on the allocation of the balance responsibility in case of under- or overdelivery of activated energy bids
- 3) Make a proposal for the most suitable perimeter corrections (for mFRR and redispatching)
- 4) Perform an **impact assessment** of the implementation of the proposed perimeter corrections and describe the **boundary conditions for an eventual implementation**



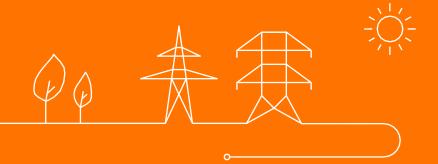
#### Indicative planning and stakeholder interaction





# Evaluation of the Prequalification, Control and Penalties Modalities of the aFRR & mFRR Services

Loup Vanderlinden



#### **Objective & Scope**



The objective of the incentive is to evaluate, for aFRR and mFRR services, the control and penalty system as well as the prequalification conditions and the prequalification process and to propose revisions if necessary

- For each of the topics listed,
  - ✓ Identification and assessment of potential barriers to market participation (financial or other)
- For each potential barrier,
  - Assessment of the impact on the development of the market for the provision of aFRR and mFRR services
- Recommendations for potential design modifications and implementation plan
- Out of scope:
  - ✓ Elements related to mFRR activation control that are considered in the mFRR new design, as return on experience after the connection to MARI will be needed



#### **Planning & Deliverables**





#### **Kick Off**

 Present objective, scope and high-level planning

#### **Bilateral exchanges**

- Update of MPs positions & design priorities
- Final scoping of the incentive

#### Workshop 1

Proposal & discussions of possible design solutions

#### Workshop 2

Final proposal taking account feedback from MPs

#### **Final Report**

- Recommendations
- Consultation report
- Implementation plan (if applicable)

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#### Draft list of topics to be addressed in the incentive study



#### 1. <u>Prequalification Process</u>

- > PQ is not designed for assets that do not have the possibility to be available on all CCTUs
- If a Grid User wishes to change BSP he has to redo a PQ

#### 2. Control and Penalties

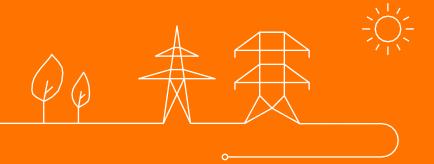
- Submission of aFRR/mFRR Energy Bids Penalty for aFRR/mFRR Made Available
  - ✓ A Market Party suggested to remove the dependency of the penalty to the last 30 days.
  - Several MPs consider that the penalty increases too quickly with the number of CCTUs with MW not made available
  - ✓ The penalty is considered unfair as a long unavailability of a small volume is more penalized than
    a short unavailability of a large volume
- Availability control Penalty for aFRR/mFRR Missing MW
  - ✓ Factor #CCTU in the penalty formula considers only the number of awarded CCTUs and not the volume awarded per CCTU
  - ✓ For aFRR, it is questioned whether the aFRR Missing MW is representative for the availability of the capacity during the month
- Activation control for aFRR Penalty for activation control
  - $\checkmark$  Granularity of the penalty formula needs to be further investigated  $\widehat{arphi}$





#### **DFD Incentive**

Arnaud Attanasi





#### **CREG** incentive

#### 4.7.3. Contexte et justification

L'objectif de cette étude est d'analyser en détail comment mettre en place un outil de prévision des DFDs et de la contribution d'Elia en lien avec le critère ENTSOe de manière fiable, « cost-efficient »et qui permettrait aux dispatchers d'avoir à leur disposition un indicateur pour activer du mFRR et/ou adapter le réglage de la sortie du LFC dans le cadre de l'équilibrage du système au moment des DFDs.

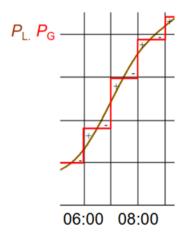
#### 4.7.3. Context en rechtvaardiging

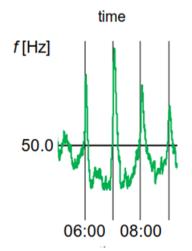
Het doel van deze studie is in detail te analyseren hoe een tool voor de voorspelling van DFD's en de bijdrage van Elia in verband met het ENTSOe-criterium op een betrouwbare, kostenefficiënte manier kan worden opgezet waardoor dispatchers over een indicator zouden kunnen beschikken om mFRR te activeren en/of de LFC-outputregeling aan te passen in het kader van de balancering van het systeem op het moment van de DFD's.



#### What is a Deterministic Frequency Deviation (DFD)?

Deterministic Frequency Deviations (DFDs) are phenomena which occurs on a regular basis as a result of load and production difference during a change of Market Time Unit (MTU) and so, which generates a frequency deviation of more than 75mHz





Criteria :  $|\Delta f| > 75mHz$ 



#### **Milestones Incentive**

- 3<sup>rd</sup> February 2023: Selection of most relevant datasets and most performant model
  - Analysis and comparison of the datasets and the models



- 1st September 2023: Consultation of a draft report
  - Description of the method used to select the dataset and the final model
  - Results of the comparison based on statistical indicators
  - Advantages and Disadvantages of the models
  - Proposal/Relevance of publications related to DFD's
  - If applicable: recommendations in terms of tool implementation



- Tests results (minimum 1 month);
- If applicable: implementation plan.

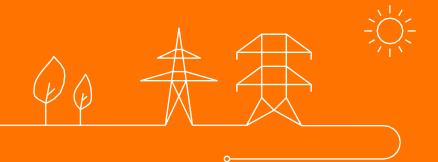






## **AOB - Communication on the go- live of aFRR for LV**

Arno Motté





#### **Opening aFRR on Low Voltage**

ELIA, in cooperation with DSO's, intents to open aFRR on Low Voltage in early Q2 2023

#### Scope for opening on low voltage:

- Current BSP contract aFRR remains valid
- Current FSP-DSO contract remains valid, at exception of Annex 1 which stipulates that only DP connected above 1kV can participate
- Current processes for onboarding and pool management remain unchanged

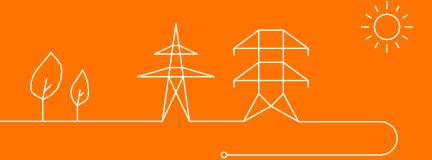
Discussion with regulators is ongoing with respect to regulatory process and timing

The **conditions for participation** will be presented in detail during the **next WG Balancing**. For any questions on the topic you can contact <u>arno.motte@elia.be</u>



# **AOB - MVAr service – Review and recommendations for design optimisations**

Carsten Bakker



#### MVAr service - Review and recommendations for design optimisations



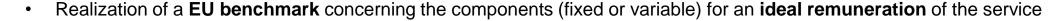


#### Context and goals of the incentive

- Following entry into force of the new design in 2020, some return of experience is available
- This study intends to analyze further possible design improvements for the voltage and reactive power control service in order to:
  - Optimize the efficiency of the service and the remuneration
  - Increase participation to the service



- Identification of **design improvements** together with market parties and the CREG and proposal of solutions
  - Based on return of experience from the current design
  - Including at least a review of the modalities for the penalties



- Specific analysis of the potential improvements that might facilitate the participation of non mandatory units (such as demand response) to the service
  - Identification of evolutions of the market design to facilitate the participation of non-mandatory units
  - Adequate procurement mechanism for the participation of non-mandatory units
  - Other aspects: type of service allowed/recommended (automatic, manual or other), simplified pregualification/communication process/tools for non mandatory units...
  - This analysis will consider a ratio between the potential that represent these units for the voltage and reactive power regulation as well as their added value for the service compared to the additional costs and complexity





#### **MVAr** service – Review and recommendations for design optimisations



#### **Indicative timeline:**

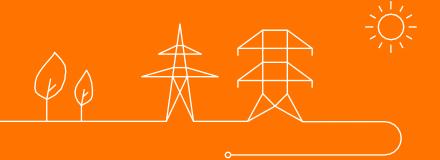






#### **AOB – Next WG Balancing**

Loup Vanderlinden





#### **Next WG Balancing**

- WG Balancing 22/03/2023 09:00 13:00
- WG Balancing 16/05/2023 14:00 18:00
- WG Balancing 29/06/2023 14:00 18:00
- WG Balancing 27/09/2023 09:00 13:00
- WG Balancing 14/11/2023 14:00 18:00

