WG Balancing of 22nd March 2023

Hybrid meeting

22/03/2023

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

Slight changes:

- 11:30 – 11:50 EU & BE Balancing Program Update
- 11:50 – 12:20 Public Consultation of Market Suspension Rules
- 12:20 – 12:30 Public Consultation on T&C and Procurement Process for Restoration Services

Minutes of Meeting for approval

Minutes of Meeting of WG Balancing of 2nd February 2023

- List of attendees was corrected
- **Suggestion to approve:**
- The MoM of 02/02/2023

EU Balancing Program Update

Arno Motté

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**)..

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 **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**

Update of the Roadmap

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

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

Stakeholder management interactions

Market parties implementation follow-up - Status & next steps

STATUS

- High level approach/planning defined
- Implementation plans received for the 89% of technical units in OPA/SA contract
- Business testing protocols presented on 9th of March
    - Feedback from service providers was requested by 22nd of March

Next Steps

- Regular follow-up of implementation plans
- Finalized documentation on Business testing protocols shared with service providers by Mid April 2023

GENERAL ORGANIZATION

Proposed planning

REMINDER: Development slots foreseen until go-live:

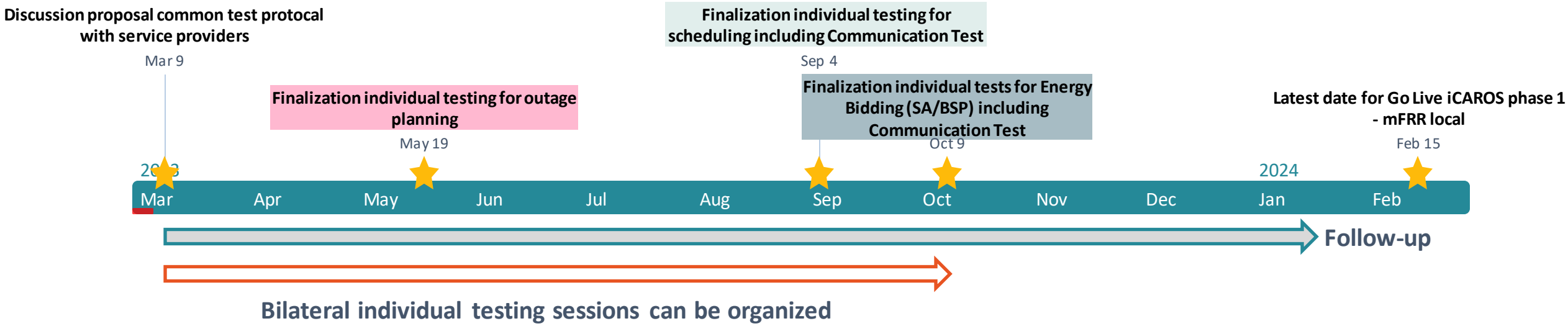
- 1st Thursday of every month
- 3rd Friday of every month

May 22 - May 31 → **Operational Readiness Testing protocol for OPA**

Oct 16 - Oct 27 → **Operational Readiness Testing protocol for OPA & SA**

Oct 30 - Nov 7 → **Operational Readiness Testing protocol for BSP**

Nov 7 - Nov 14 → **Operational Readiness Testing protocol for BSP, OPA & SA**



BUSINESS TESTING PROTOCOLS WITH MARKET PARTIES DEFINED

	Tests	Type	What	Who
iCAROS	iCAROS_1	Reproduction of **real situation**	**Update** of an Availability Plan	OPA
	iCAROS_2		**Initialization** of Schedules & RD Energy Bids	SA OPA
	iCAROS_3		**Updates** of Schedules & RD Energy Bids	SA OPA
	iCAROS_4	**Simulation** of scenario's	**Activations of RD, Return to Schedules Requests**	SA
MARI	MARI_1	Reproduction of **real situation**	**Initialization** & **updates** of mFRR Energy Bids	BSP
	MARI_2	**Simulation** of scenario's	**Activations of mFRR**	BSP
iCAROS/MARI	iCAROS/MARI_1	Reproduction of **real situation**	**Initialization** of Schedules & RD/mFRR Energy Bids	BSP SA OPA
	iCAROS/MARI_2		**Updates** of Schedules & RD/mFRR Energy Bids	BSP SA OPA
	iCAROS/MARI_3	**Simulation** of scenario's	Combination of **activations** of **mFRR, RD** & **Return-to-Schedules Requests**	BSP SA

Coming stakeholder management interactions

- Next interactions
    - Regular follow-up of implementation plans
    - More information regarding the content and organization of the business testing protocol with service providers will be communicated in due time directly to service providers and through WG Balancing
    - Training session:
        - 20/4/23: RD bidding activation selection
        - 26/4/23: mFRR Bid submission
        - 25/5: mFRR bidding activation selection
    - Workshop:
        - 21/4: CRI filtering of energy bids
    - Public consultation for T&C OPA, SA and coordination rules (target date for start unofficial public consultation : MAY 2023)
    - BSP Facilitations

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

Thank you

Public Consultation of Market Suspension Rules

Anna Tsiokanos

Context

- NC E&R (Regulation 2017/2196) :

Article 36

Rules for suspension and restoration of market activities

1. By 18 December 2018, each TSO shall develop a proposal for rules concerning the suspension and restoration of market activities.

Article 39

Rules for settlement in case of suspension of market activities

1. By 18 December 2018, each TSO shall develop a proposal for rules for imbalance settlement and settlement of balancing capacity and balancing energy which shall be applicable for imbalance settlement periods during which the market activities were suspended. The TSO may propose the same rules it applies for normal operations.

- A first proposal was submitted by the deadline of December 2018 which has been rejected.
- Elia presents key points on adapted proposal today in WG EMD-SO and next steps

Content of adapted proposal

The following changes were made in Elia adapted proposal:

1. CREG's remarks from decision (B)1941 were taken into account. For a few remarks, ELIA explained why it deviated from the request of CREG (justified in the explanatory note).
2. The scope of the rules was clarified : these national rules were drafted to address cases of emergency, restoration and blackout states that only concern Belgium. When several TSOs are concerned by an issue, an inter-TSO coordination is necessary to efficiently manage the situation. In this case, the injunctions resulting from this inter-TSO coordination prevail on the national rules.
3. As a result of paragraph 2, the number of activities that Elia is allowed to interrupt was reduced from 12 to 7 : Elia indeed believes that the decision to stop activities related to European processes (SDAC, SIDC,…) cannot be taken by Elia alone, at national level.
4. Other small modifications were proposed in the construction and application of the restoration tariff
   - The BE reference DA price is used in the formula for BRP settlement instead of the DA EPEX spot (to accommodate the Multiple NEMO arrangement)
   - A new restoration tariff, based on the average BE reference DA price for each MTU of the 7 previous days (minus the 2 extrema) is defined, in order to address high electricity prices situations as seen in 2022
   - The restoration tariff applies for all injections/offtakes expect for the imports resulting from a top-down restoration strategy to which a financial compensation described in bilateral agreements between TSOs should apply

Already presented in October '22

new

Already presented in October '22

"Market" activities that may be suspended by Elia

Version 2018

- Provision of CZC for capacity allocation
- Submission by BSP of balancing capacity and energy bids
- Provision by BRP of a balanced position at the end of DA
- Provision of modifications of the position of BRP
- Provision of schedules by the SA and nominations by BRP
- Allocation of LT transmission rights
- Organization of SDAC
- Organization of SIDC
- Local Intraday transactions
- Procurement of balancing services
- Publication of Imbalance Price

Version 2023

- Submission by BSP of balancing capacity and energy bids
- Provision by BRP of a (partially) balanced position at the end of DA
- Provision of modifications of the position of BRP
- Provision of schedules by the SA and nominations by BRP
- Procurement of balancing energy
- Procurement of balancing capacity
- Publication of Imbalance Price

Restoration formula presented in October '22

Restoration tariff applied during TSO-controlled dispatch periods – 2018 version

Restoration tariff = 73 % * 1/3 (Cal Y+2 + Cal Y+1 + M+1) + 27 % * AVG (EPEX spot BE DAM)

Where

- CAL Y + 2 = the average of the daily quotations for the baseload product published by ICE INDEX two years preceding the year of the TSO controlled Dispatch period,
- CAL Y + 1 = the average of the daily quotations for the baseload product published by ICE INDEX in the course of the year preceding the year of the TSO Controlled Dispatch period,
- M + 1 = the average of the daily quotations for the baseload product published by ICE INDEX in the course of the month preceding the month of the TSO Controlled Dispatch,
- AVG (EPEX spot BE DAM) = the hourly average of the DA price of the Belgian bidding zone over the last 28 calendar days prior to the day on which the TSO Controlled Dispatch period started.

This restoration tariff is applied for all offtakes and injections during the TSO-controlled dispatch period, expect for the imports resulting from the application of a top-down restoration strategy.

new

Input provided during WG EMD&SO Oct 2022 : the ToE formula is not fit during/after high energy price situations

New Proposal
Consulted next Tariff Proposal 24-27

Restoration tariff applied during TSO-controlled dispatch periods

$$\text{Restoration tariff} = \text{Price\_r}_{\text{MTU\_i}} = \frac{\sum_{k=0}^{6} P\_DA_{MTU_i,Dj-k} - MAX\left(P_{DA\,MTU_i,Dj}, P_{DA\,MTU_i,Dj-6}\right) - MIN\left(P_{DA\,MTU_i,Dj}, P_{DA\,MTU_i,Dj-6}\right)}{5}$$

Where

- $\text{Price\_r}_{\text{MTU\_i}}$= Restoration tariff for MTU_i during TSO-controlled dispatch periods
- MTU = Market Time Unit of Belgium bidding zone in Day-ahead: 60 min until 2025, 15 min afterwards.
- Dj last day where TSO was not in « TSO-controlled dispatch » mode at 00:00 am.
- $P\_DA_{MTU_i,Dj-k}$ = Belgian Reference Day-ahead Price for the same MTU_i of the last 7 days D_j à D_{j-6} where “outliers” were removed (“5 out of 7”)
  - $MIN(P_{DA_{MTU_i,Dj}}, P_{DA_{MTU_i,Dj-6}})$: lowest price of the last 7 days for the MTU_i
  - $MAX(P_{DA_{MTU_i,Dj}}, P_{DA_{MTU_i,Dj-6}})$: highest price of the last 7 days for the MTU_i

Advantages: cost reflectiveness compared to ToE formula, price neutrality, transparency

In practice: as BRP nominations are set to zero → Imbalance still calculated but corresponds to sum of all physical injections/offtakes in BRP’s portfolio

Instead of the Imbalance price, Restoration Price is applied to BRPs for all offtakes and injections of during the TSO-controlled dispatch period, expect for the imports resulting from the application of a top-down restoration strategy.

Comparison of two options for the invoice of the restoration Price (1/2)

Following discussions with CREG an alternative option for the invoicing of the Restoration Price has been analyzed namely the invoice via the Access tariffs.

Elia nevertheless maintained in its proposal to organise the invoice via the BRP.

For the sake of transparency and in order to allow market parties to provide their comments, the comparison of the two options is presented here bellow.

		BRP	ACH + DSOs
DESCRIPTION	**Role of this market party during a TSO controlled dispatch period**	No active role as balance obligation is suspended rather a role of information exchange imbalance of the portfolio is still calculated and corresponds to the sum of ann physical injections and offtakes in portfolio	No operational role ACH always has an adminitrative role consisting among others in paying the costs for the management of the grid to Elia.
	Legal basis in Tarif Methodology	Tariff for maintaining and restoring the balance (Tarif methodology Annex 2 point 4,2 2°)	Tariff for the management of the system (Tarif methodology annex 2; point 3.2 1°)
	way the tariff would be applied/invoiced	TSO--> BRP--> Supplier--> Grid User in €/MWh for the netto injection or netto offtake of the portfolio of the BRP	for TSO access points: TSO--> ACH --> Grid User in €/MWh for the netto injection or netto offtake of the portfolio of the BRP
			for CDSO access points: TSO--> CDSO(=ACH)--> grid user
			for DSO interconection points Elia--> DSOs --> Supplier(which is ACH in DSO grid) --> Grid User

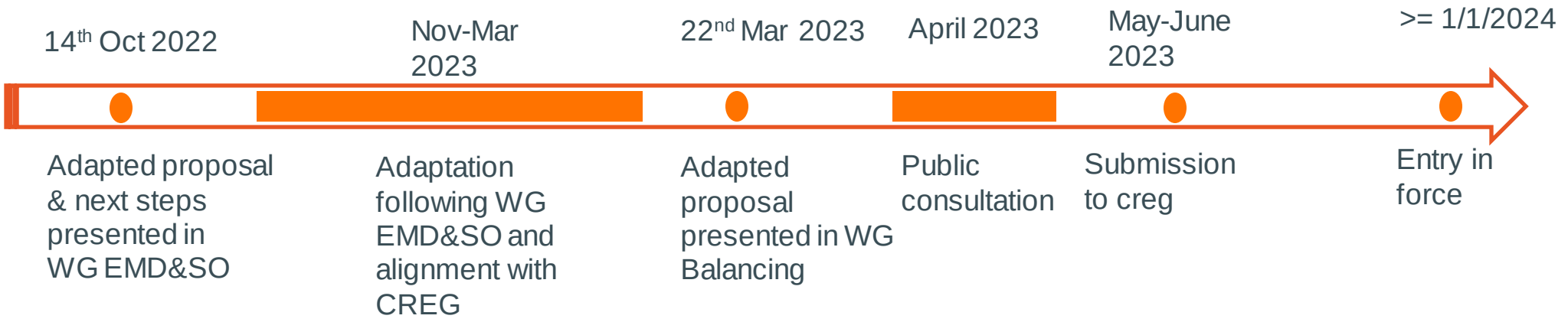
Comparison of two options for the invoice of the restoration Price (2/2)

		BRP	ACH + DSOs

ASSESMENT	**Implementation Impacts**	NO or extremely limited,
		same invoicing and allocations process as for imbalance invoices with another tariff
			for Access points in TSO grid:
			" new type" of Access tariff in €/MWh €/MWh netto offtaken or injected per Access Point (or DSO interconnection point)
			1)invoiced for offtake/remunerated for injection
			2) dynamic and different per qh(MTU)
			
			for Acces points in DSO grid and for Market Access points within a CDS:
			
			- The (C)DSO remunerated/invoiced at the Restoration price for the netto energy injected/withdrawn from the Elia grid.
			- The later would have to re-distribute this invoice/remuneration to his grid users conform their contractual relationships (ex. DSO access tarifs).
			
			Ex. option 1) Reallocate invoice per bruto energy injected/offtaken per qh--> accurate but complex
			==> implies potentially new processes for the CDSO
			==> implies a kind of allocation-system for the DSOs
			pontentially high implementation efforts
			
			Ex. option 2) (C)DSOs r**e-distribute their total invoice as a static Grid Access cost** (~easier and probably closer to current practices)
			==> **non level playing field for production units** located in DSO grid or in a CDS. Particularly problematic for production units that are Black-Start units or SGU and which receive instructions by Elia during the restoration plan.
			==> implies specific remuneration solution to be put in place in Black Start contracts (implying also corrections fo perimeter BRP etc). ==>important contractual - implementation efforts

	Level playing field	local productin units (with another supplier/BRP),units in DSO and CDSO grid are remunerated via their BRP/supplier.	Potential non- level playing field for production units in DSO grid, or CDSO grid or even behind an Access point to the Elia grid whose production unit owner/operator is not the same party as the grid user
	Financial Neutrality	Yes, as Restoration formula is applied to injections and offtakes.	A priori yes, except thet batteries are exonerated from Access tarifs. ==> delta for next tarif period
	Rapidity of Elia invoice	Elia Invoicing process is depends on DSO allocation rapidity	Elia Invoicing process is independent from DSO allocation
	Impact final client /supplier of final client	For grid users with fixed price contracts, it is unclear if/how the delta between the price of the commodity(Restoration Price) and the fixed supplying price during the TSO controlled dispatch period will be transposed. Either suppliers adapt their supply contract to 'pass-through' their commodity costs (Restoration costs) to their grid users during those periods; or the delta (for this limited period & volume) is considered as being part of part uncertainty beared by the supplier who sells energy at a fixed price whil buys it at market price.	Risk of double invoicing: If a grid user pays restoration costs to his ACH (supplier in DSO grid) under the form of an Acces tariff during the TSO controlled dispatch period, Suppliers should suspend the invoice of the commodity fee to their grid users for that same period, otherwise the grid user would be invoiced twice for the same 'energy'.

Next steps

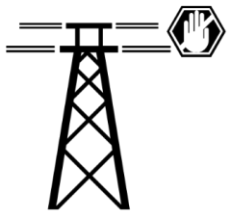


- Elia intends to start a public consultation of its adapted proposal in April 2023, after translation and clean-up
- Elia should then be able to submit its adapted proposal for CREG's approval in May or June 2023
- Entry in force: 30 days after CREG approval (but not before 1/1/2024 and the new tariff period 2024-2027)
    - Except some communication system adaptation which should be adapted in the 6 months after approval (backup to be used in the meantime)

Public Consultation on T&C and Procurement Process for Restoration Services

Carsten Bakker

Restoration Services



Restoration services

- Currently a **public consultation is ongoing and will run until 10 April** (started on the 9th of March)
- This is a **minor revision to the T&Cs**, in order to create a separate regulated document for the bidding instructions and to align the references with the Code of Conduct
- A workshop **has been planned on the 30th of March** to address specific questions
- Because of these changes, the tendering procedure will only start in **the middle of June**

Most important changes

Terms and Conditions

- Elements regarding the Procurement Process have been moved towards a separate document
- References updated towards the new Code of Conduct
- Minor changes to the formulation for clarity

Procurement Process

- Introduced the moved Articles from the T&C
- The calculation of the awarding criteria has been updated and one criterion was added (moment of inertia)
- Price structure has been divided into four parts:
  - Capital costs
  - Test costs
  - Operational costs
  - Opportunity costs

AOB – Next WG Balancing

Loup Vanderlinden

Next WG Balancing

- 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