

# Minutes of Meeting of WG Balancing on 16<sup>th</sup> of May

<b>Meeting</b>	
<b>Date</b>	16/05/2023
<b>Organiser</b>	Jan Voet

<b>Participants</b>		<b>Attended</b>	<b>Excused</b>
Axpo	Labe Jean-Christophe	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Axpo	Limpens Tanguy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BASF	Verrydt Eric	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BSTOR	Bayart Pierre	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BSTOR	Fieuchs Arthur	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BSTOR	Van De Keer Lieven	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CBS	Adigbli Patrick	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cogen Vlaanderen	Vandersyppe Hans	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DXT Commodities	Mourot Jeremie	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Pragt Femke	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	van den Berg Jasper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Eneco	Williame Jean-François	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ENGIE	Donnay de Casteau Loïc	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ENGIE	Laleman Ruben	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Febeliec	Van Bossuyt Michaël	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FEPEG	Waignier Jean-François	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Flexcity	Gaillard Julien	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Infrabel	De Taeye Bert	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Krachtwerk	de Leede Jasper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Luminus	Chafaqi Laila	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Luminus	Harlem Steven	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ODE	Celis Chris	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ORES	Buisseret Thomas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Riva Group	Marin Alexandre	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Smart Vision	Langer Yves	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TotalEnergies	Pirard Sacha	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TotalEnergies	Hofman Hannah	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Universiteit Antwerpen	Cools Kasper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
UGent	Van Gompel Jonas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Virya Energy	Kormoss Aymeric	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Virya Energy	Macau Aurore	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Yuso	Pycke Bart	<input checked="" type="checkbox"/>	<input type="checkbox"/>



<b>Participants</b>		<b>Attended</b>	<b>Excused</b>
Elia	Attanasi Gautier	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Bakker Carsten	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Buijs Patrik	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	De Vos Kristof	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Illegems Viviane	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Leroux Amandine	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Magnant Philippe	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Motté Arno	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Pellegrin Cécile	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Pierreux Nicolas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Tsiokanos Anna	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Vanderlinden Loup	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Vidales Ferro Carlos	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Elia	Voet Jan	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Report

Author	Loup Vanderlinden		
Function	WG Balancing Secretary		
Date report	20/06/2023		
Status	<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Final version	

## 1. Agenda

1. Introduction
2. Overview of the 2022 balancing volumes & costs
3. EU & BE Balancing Program Update
4. T&C BRP / Imbalance Price
5. Incompressibility
6. Winter Plan Balancing
7. AOB – Public Consultation aFRR LV

## 2. Report

### 1. Introduction

- Agenda for today's WG Balancing is approved.
- MoM of the WG Balancing of 22/03/2023 are approved.

## 2. Overview of the 2022 balancing volumes & costs

- Febeliec asks how much aFRR is prequalified in total. Elia replies that volumes are quite high but not necessarily representative (e.g. because not all prequalified volumes keep participating in aFRR). Febeliec requests and Elia agrees to provide figures of the volumes offered compared to volumes demanded.
- Febeliec asks whether Elia still needs CCGTs to cover part of the demand. Elia responds that currently, the market is still influenced by CSS (both negative and positive) but that diversification of the sources able to supply aFRR is ongoing.
- Febeliec asks what is expected to be the impact of aFRR LV on volumes and prices. Elia responds that it sees some MW on LV and works on removing the barriers to access all balancing markets. Elia hopes to have some volumes there but does not expect significant amounts of MW on short term.
- Febeliec requests to move to lower minimum bid size and granularity to lower entry barrier, for energy and capacity. Elia indicates that the topic is being discussed at EU level in the context of DR FG and supports the request within TSO community.
- Febeliec asks Elia about its position regarding the occurrence of gate 2 in mFRR capacity auctions. Elia prefers finding the volumes in gate 1, although the operational process of gate 2 did work. Febeliec expresses concerns that not all volumes are offered in gate 1, which may lead to unnecessarily high prices due to a false lack of liquidity. Elia understands the concern, while reminding that the gate 2 occurring after DA auction, additional volumes can be unlocked in this timeframe.
- Cogen Vlaanderen notes that around September 2022, gas was cheaper in BE than in NL, which according to them explains that Belgian power producers were incentivized to sell energy on the DA market. This situation could therefore be exceptional. Elia responds that it is difficult for Elia to provide explanation on specific bidding behaviour, but that this may be part of the explanation.
- Febeliec comments that there are big swings in the balancing timeframe that can only be captured by a few market parties. Elia refers to the next part of the presentation related to incompressibility.
- ENECO remarks that System Imbalance (SI) peaked down precisely at the moment when the prices on energy market peaked up.
- Febeliec considers it to be a good signal that ToE decreases, if it means that more opt-out is agreed upon. Febeliec insists that ToE is nonetheless not less important as it provides a fallback regime. Elia agrees that a fallback regime is needed. Luminus comments that the ToE also has a cost. ENGIE also comments that at some point there is a need to drop options that are seldomly used.
- Elia indicates that it is working on the individual correction approach. The discussion on ToE can continue in WG CCMD.
- Febeliec comments on mFRR Flex that low volumes are awarded because of limitations imposed by Elia on the volumes to be contracted. Elia reacts however that not all volumes that could be awarded in Flex have been awarded in practice.

- Febeliec points to the fact no learning curve effect is observed in the penalties for aFRR. Elia explains that the performance being quite good, not significant learning curve is actually expected.
- Febeliec is concerned that SI degradation could lead to an increased need for reserves. Elia insists that an extra effort is indeed needed to improve the SI again. Febeliec requests to come back later on measures that can be taken to improve SI. Elia refers to the analysis on incompressibility and to discussions on real time price (RTP).
- Eneco asks if mFRR availability tests are done on the whole portfolio of the BSP. Elia replies that tests are done in line with the contractual terms and conditions.
- Febeliec invites Elia to anticipate and propose measures if we get closer to FRCE quality targets, in order to avoid a negative impact on aFRR reserves.

### 3. EU & BE Balancing Program Update

- Testing: Febeliec asks how testing is organized for new BSPs. Elia explains that the current test follow-up focuses on the existing units that, due to their size, have an obligation to participate; this will be extended to new units if they pass the size threshold of 25 MW. Other units that want to participate on a voluntary basis can contact Elia.
- ENGIE supports what was presented regarding common testing for iCAROS phase 1 and mFRR local go-live but may still have feedback on timing or content of the common testing. Elia reminds that market parties are invited to provide feedback as soon as possible as late feedback may be difficult to consider. Following next steps are defined:
  - Market parties to contact their KAM Energy by 17/5 to pick a day for iCAROS-1 "Update of an Availability Plan" testing
  - Feedback required by 3rd of June on business testing protocols and dates
- Coming stakeholders management interactions: ENGIE asks what the "unofficial public consultation" is. Elia explains that the official consultation of at least one month is only launched as soon as contractual documents are available in Dutch and French. As such Elia aims to launch the consultations already 'unofficially' in English (= unofficial public consultation) as soon as possible.

### 4. T&C BRP / Imbalance Price

- On request of Luminus, Elia clarifies that the Court decision was based on procedural arguments. Elia also indicates that the Court decision will in practice not change fundamentally the way forward on T&C BRP amendment.
- Febeliec insisted on its disagreement with the removal of the deadband in the imbalance price formula. Elia indicates that it intends to reintroduce a deadband in the proposal to come, which is supported by Febeliec.
- Elia explains that according to Belgian law on one hand and EU law on the other hand, the imbalance price formula should be described in the tariff proposal and in T&C BRP respectively. Furthermore, Elia insists that it has opposed to the "trial and error" approach requested by CREG on cap/floor and will revert that in its new proposal. Review of the formula can be done later on, which will be discussed with the market, but based on real-

life operational experience. Elia will undertake the necessary steps to investigate and discuss this further with market parties.

- Elia clarifies on CBS's request that the October decision has been cancelled, which automatically cancels the decision of March 2023 and may also impact the decision of July 2022. Elia will provide more information on actual consequences of Court decision in next WG Balancing meeting.
- Febeliec asks what happens if another TSO who is participating to the EU mFRR platform requests mFRR but not Elia. Elia replies that if Elia does not ask for mFRR to satisfy its own needs, there is no reason to include the mFRR price in the imbalance price formula.
- Febeliec comments on the proposal for the mFRR component that with a Direct Activation (DA), there is a risk of exaggerated reaction ("overshoot") due to a price signal in QH resulting from an issue in QH-1 (while the problem might be solved in QH-1). Elia considers that the risk of an overshoot is not a critical issue, an overshoot being easier to manage than a too low reaction.
- Febeliec asks what information will be shared with BRPs/BSPs, whether it is the imbalance price only or also the root causes behind it. Elia replies that for BSPs it is quite simple, as they either activate aFRR or mFRR, but for BRPs it is quite complex indeed. Elia seeks providing the right incentives.
- Eneco asks what happens if SI goes from -100 MW to +100 MW, resulting in an SI = 0 MW in average. Elia reminds Imbalance Settlement Price is quarter-hourly based, so it would lead to the dead band case.

## 5. Incompressibility

- Febeliec reacts on the assumptions that the P75 scenario does not correspond to a very sunny and windy day (P90 scenario could have been considered).
- Febeliec comments that "curtailment" of wind is not the right term, as wind can be activated in the market. Elia confirms that in this presentation curtailment refers to participation by the market actor in the mechanisms and not 'imposed' curtailment. In addition, Febeliec states that although industry can in theory react on them, only a few ones are exposed in practice to balancing prices; this shows the importance of having good price signals in Day-Ahead (DA), to which a larger part of the market is sensitive. Elia indicates they will issue balancing warnings for downward flexibility to provide signals as quickly as possible, also in DA. Febeliec insists that balancing signals cannot be responded on by most of its members.
- Elia highlights that incompressibility becomes a regional issue, touching upon different neighbouring countries at the same time. Febeliec refers to CRM assumptions regarding solar to highlight the importance to have good PV forecasts in DA.
- Febeliec has an issue with the reduction of CHP power injection as it is driven by heat generation. Febeliec repeats that CHPs are in many cases not reacting to balancing. Elia clarifies that it prefers the incompressibility issue to be avoided thanks to good forecasts and well-functioning DA and ID markets. CCMD in this context should over time help steering demand by providing the right price signals.
- ENGIE comments that it is hard to improve weather forecasts overnight. Elia agrees that improving the forecasts is not straightforward, but that the market should work at unlocking

flexibility as well (e.g., by flexibilising PV). Considering the regionalization of the issue, Elia will not be able to rely on its neighbours to solve the issue. Elia generally calls on the BRPs to closely follow-up on their positions, especially in cases of incompressibility risks.

## 6. Winter Plan Balancing

- Luminus asks if there is an estimation of the evolution of the availability of reserve sharing. Elia explains that it monitors the statistical availability of ATCs on the 4 borders. If there is a structural downward trend, a reduction of reserve sharing could take place. In the context of Winter plan, Elia is looking at specific situations related to (near) scarcity.
- Febeliec asks how Elia will forecast market prices to be used as trigger for the bidding obligation. Elia responds that it is still looking at different options: forecast the energy prices (with commercial providers) or look at generation margins. Febeliec is very uncomfortable with the idea that Elia would forecast market results.
- ENECO asks why not to use the same trigger as for the previous winter. Elia explains that for the previous winter, Elia focused on covering the risk of unavailability of sharing agreements during potential scarcity situations in neighbouring countries. Elia clarifies it wants to enlarge the scope of the bidding obligation and consider situations where market circumstances would incentivize Belgian market parties to export electricity that would actually be needed to secure sufficient reserves in Belgium. This requires a trigger for tight market conditions in Belgium. Elia explains it is still investigating the triggers and will present a more detailed proposal in next WG Balancing meeting.
- ENGIE considers that the issue for the grid security is not related to winter in particular but can happen in summer as well.

## 7. AOB – Public Consultation aFRR LV

- There were no comments expressed by market parties.

## 3. Date for next meeting

- 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