

Minutes of Meeting of WG Balancing on 15th of September

Meeting

Date	15/09/2021
Organiser	James Matthys-Donnadieu

Participants		Attended	Excused
Axpo	Karoum Idris	<input checked="" type="checkbox"/>	
Axpo	Limpens Tanguy	<input checked="" type="checkbox"/>	
BASF	Verrydt Eric	<input checked="" type="checkbox"/>	
BASF	Waelkens Tom	<input checked="" type="checkbox"/>	
BOP	Canière Hugo	<input checked="" type="checkbox"/>	
Centrica	Adigbli Patrick	<input checked="" type="checkbox"/>	
Centrica	Benquey Romain	<input checked="" type="checkbox"/>	
Centrica	Meynckens Geert	<input checked="" type="checkbox"/>	
Cogen Vlaanderen	Reyniers Stefaan	<input checked="" type="checkbox"/>	
Cogen Vlaanderen	Vandersyppe Hans	<input checked="" type="checkbox"/>	
CREG	Maenhoudt Marijn	<input checked="" type="checkbox"/>	
Eneco	Williame Jean-François	<input checked="" type="checkbox"/>	
Engie	Donnay de Casteau Loic	<input checked="" type="checkbox"/>	
Engie	Laleman Ruben	<input checked="" type="checkbox"/>	
Eoly Energy	Kormoss Aymeric	<input checked="" type="checkbox"/>	
European Commodities	Baudson Axel	<input checked="" type="checkbox"/>	
Febeg	Waignier Jean-François	<input checked="" type="checkbox"/>	
Febeliec	Van Bossuyt Michael	<input checked="" type="checkbox"/>	
Flexcity	Potvliege Harold	<input checked="" type="checkbox"/>	
Flexcity	Vanneste Aron	<input checked="" type="checkbox"/>	
FOD - Economie	Anciaux Pauline	<input checked="" type="checkbox"/>	
Luminus	Chafaqi Laïla	<input checked="" type="checkbox"/>	
Luminus	Van Bruwaene Mattijs	<input checked="" type="checkbox"/>	
Next Kraftwerke	Carlos Dierckxsens	<input checked="" type="checkbox"/>	
Next Kraftwerke	Kreutzkamp Paul	<input checked="" type="checkbox"/>	
Next Kraftwerke	Wiesé Nadia	<input checked="" type="checkbox"/>	
ODE	Celis Chris	<input checked="" type="checkbox"/>	
Otary	Van Nuffel Margot	<input checked="" type="checkbox"/>	
Power Pulse	Taverniers Hans	<input checked="" type="checkbox"/>	
RentAPort	Bayart Pierre	<input checked="" type="checkbox"/>	
RentAPort	Fieuws Arthur	<input checked="" type="checkbox"/>	
RWE	Kästner Lars	<input checked="" type="checkbox"/>	
RWE	Lazarescu Anca Manuela	<input checked="" type="checkbox"/>	
TotalEnergies/Lampiris	Vandamme Nicolas	<input checked="" type="checkbox"/>	



Vynova	Peeters Martijn	<input checked="" type="checkbox"/>
WOM	Herman Marien	<input checked="" type="checkbox"/>
Yuso	Bart Pycke	<input checked="" type="checkbox"/>
Yuso	Elias Debaere	<input checked="" type="checkbox"/>

Participants		Attended	Excused
Chim Didier	Elia	<input checked="" type="checkbox"/>	
Haemers Patricia	Elia	<input checked="" type="checkbox"/>	
Illegems Viviane	Elia	<input checked="" type="checkbox"/>	
Leroux Amandine	Elia	<input checked="" type="checkbox"/>	
Magnant Philippe	Elia	<input checked="" type="checkbox"/>	
Matthys-Donnadieu James	Elia	<input checked="" type="checkbox"/>	
Mertens Steven	Elia	<input checked="" type="checkbox"/>	
Motté Arno	Elia	<input checked="" type="checkbox"/>	
Pellegrin Cécile	Elia	<input checked="" type="checkbox"/>	
Pierreux Nicolas	Elia	<input checked="" type="checkbox"/>	
Poncelet Kris	Elia	<input checked="" type="checkbox"/>	
Tsiokanos Anna	Elia	<input checked="" type="checkbox"/>	

Report

Author	Didier Chim		
Function	WG Balancing Secretary		
Date report	19/10/2021		
Status	<input type="checkbox"/> Draft	<input checked="" type="checkbox"/> Final version	

1. Agenda

1. Introduction and Validation of minutes
2. Results of the public consultation on the LFC BOA
3. Public consultation of the Dynamic FRR means study
4. Open Data Platform
5. Elia Group Inside Information Platform
6. mFRR Flex phase-out
7. Planning EU Balancing : status & next steps
8. EMS: status and next steps

AOB

- Exemption on aFRR capacity symmetrical product
- Status on public consultation of PfA of T&C BRP
- Update public consultation on a technology neutral framework for slow-start units
- Update study paid-as-cleared remuneration of balancing capacity

2. Report

1. Introduction and Validation of minutes

The minutes of meeting of WG Balancing of 6th of May and of 28th of June are approved.

2. Results of the public consultation on the LFC BOA

Febeliec asks whether the dimensioning takes into consideration forecasts of imbalance volumes and whether the dimensioning is symmetrical. Elia confirms that historical data are used in order to forecast the potential imbalance volumes for the next day. The dimensioning of FRR up and down is done separately. According to the LFC BOA, the dimensioning aims to cover 99% of the historical imbalances and dimensioning incident, whichever is the highest.

Febeliec asks whether the algorithm of dynamic dimensioning takes into account overshooting. Elia confirms that the machine learning algorithm adapts itself. If the number of extreme events in a set of conditions is reducing (leading to less imbalances), the reserve capacity to be procured will be adjusted.

3. Public consultation of the Dynamic FRR means study

Febeliec asks to clarify how the dataset of two years is being used. Elia clarifies that the outcome of the model will be used to forecast the free bids based on expected conditions of the next day. The exercise now is to determine whether the prediction can be accurate enough (to consider in the calculation of the required balancing capacity to be procured).

Flexcity asks further explanations on the meaning of the mean error and the average prediction (cfr. slide 24). Elia explains the average prediction, expressed in MW, is the average of all predictions conducted over the test set. A prediction represents the volume which is expected to be available for every quarter-hour of the next day with a confidence level of 99.0%. In contrast, the mean error is calculated based on the average of the difference between the observed value and the predicted 99% percentile value.

4. EMS: status and next steps

Flexcity asks whether Elia could elaborate more on the received complex strategies. Elia indicates that it may be premature and not compatible with agenda of the on-going WG Balancing. Elia proposes organizing a dedicated workshop with interested parties. The conclusions will be presented in WG Balancing.

European Commodities remarks that while assessing different strategies, the potential impact on the balancing prices should also be part of the assessment, especially when introducing new mechanism. Elia acknowledges the remark.

Flexcity asks to clarify the meaning of “continuously” on slide 33 and whether this means that each aFRR asset should be able to correctly react to 24 hour activations, for example. Elia answers that the BSP has to be able to deliver the service, not specifically the LER DP.

5. Open Data Platform

Flexicity asks whether data on the capacity auctions for aFRR, mFRR will be published in the platform as well (e.g.: Offered volumes, Accepted volumes, Average price, marginal price, detailed capacity bids). Elia will look into it and inform WG.

Yuso indicates that there may be a timeliness issue in the publication of data via different methods. For example, data are available sooner on the website compared to the API. Yuso insists that the data should be published everywhere at the same time. Elia takes note of the issue.

Yuso remarks the difficulty to access some information (e.g. data subscriptions requested by NEMOs). Elia indicates that it is the purpose to facilitate access to (Elia's) data. Flexicity adds that it would be useful to add the real time, forecasted day ahead, week ahead wind and solar forecast published on the Elia website on the Open data platform for easy market access.

Rent-a-Port remarks that for the aFRR data, it would be also useful to have an easier way to get the anonymized capacity bids data on a shorter notice (monthly files for instance). Elia takes note of the point.

European Commodities thanks Elia for the initiative and requests more information on how data are generated, e.g. changes in data suppliers, forecast methodology, etc. Elia takes note of the point.

Febeliec asks for an overview in a document of the information available on the platforms. Elia explains that it is possible to export the catalogue. Febeliec indicates that it is much better than what was available before. Elia invites stakeholders to contact Elia in case of questions or remarks via the contact box.

6. Elia Group Inside Information Platform

Yuso asks to clarify whether the EGIP is an inside information platform or a transparency platform (according to ACER's definition). Elia explains that ACER decided this year to split between TSO (called Transparency Platform) and non-TSO platforms (called Inside Information Platform), both are actually platforms providing inside information.

Yuso asks whether market participants can freely choose the IIP that they want to use. Elia indicates that each market participant is free to choose the IIP on which to publish information. Elia has launched this platform after discussions with CREG.

Yuso asks whether the platform is free of charge. Elia confirms that the usage of the EGIP is free of charge for Belgian market parties. Elia is able to onboard whoever wants to join.

European Commodities asks whether there is a list of the [potential inside information](#) to be disclosed by each market participant and on which platform it will be disclosed. Elia indicates that the market participants need to declare their [inside information platform](#) to the NRA.

7. mFRR Flex phase-out

Febeliec states for the record that it is, as already indicated, against the fixed amount of mFRR Standard product, claiming that it annihilated the volume of mFRR Flex product and that this could be detrimental to the overall cost for consumers. Febeliec adds that the split between the Standard and Flex products should have been in relative volume and not absolute. Elia takes note of the comment.

Febeliec indicates that with the mFRR Flex out, some market players cannot participate directly to the mFRR market anymore, which will lead to a reduction in volume of balancing capacity. Elia does not deny that volumes could be impacted but reminds that it needs to keep the market efficient. Febeliec answers that by pushing volumes of mFRR Flex out, there may be fewer resources, which may lead the remaining volumes to be more expensive. Therefore, the proposed mFRR Flex phase-out may not be efficient.

Febeliec asks what the average prices for the volumes are. Elia indicates that since January 2021 the price dropped. Elia notes that at some moments, the price for the mFRR Flex product and the mFRR Standard product are more or less the same.

European Commodities indicates that the presentation focuses on evolution of volumes and not on prices. Axpo supports the remark and indicates that it should be addressed in the workshop. Additionally, European Commodities indicates that reducing mFRR contracted capacity just before the unavailability of Coö is a bold experiment.

Febeliec indicates that the slide 73 clearly indicates a drop in the available margin (offered volume vs. volumes to be procured) and concludes that the procured capacity is more expensive due to lower offered volumes. Elia indicates that there has been a significant conversion from the mFRR Flex product towards the mFRR Standard product. The volumes which are not converted are negligible. There are several pre-qualified GW for mFRR Standard product, therefore the margins are present but not reflected in offered volumes as they are usually not selected. In case of second auction, hidden flexibility participates to the auction. Elia adds that short margin also happened before (May 2020) and did not lead to an issue.

Febeliec indicates that Elia is usually a conservative TSO and fails to understand the rationale to discard a tool which could ensure operational security. Elia indicates that for the time being, it does not see such a risk. If a risk on operational security does materialize, it will reconsider the options. Elia insists that there are drawbacks to keep two separate products in the operations. If kept local only, the Flex product could lead to market distortions and transparency risks as the activation of Flex and Standard products may not be optimal and remunerations may be inconsistent. On the other hand, if the product is shared on MARI, the problem of lower quality (due to neutralization time) would be even more problematic than today as the double merit order list cannot be maintained on MARI which could lead to more frequent activations and a lower availability rate.

Elia adds that it is not able to justify the need of a specific product as required by the regulations. Therefore, Elia concludes that the phase-out of the mFRR Flex product by the end of 2021 seems to be the right decision.

Febeliec indicates that France is asking a derogation for specific product. Elia explains that France has a different market and is intending to connect to MARI in 2024. The way of operating and the type of reserves at disposal are different to Belgium.

Luminus asks whether there is double counting in the volumes shown on slide 73, i.e. some of the orange volumes is already offered in the Standard mFRR Product (in light blue). Flexcity supports the remark of Luminus. Elia confirms that the numbers are correct.

Eneco indicates that in the week of 6th of September, all mFRR capacity could not be procured during the 1st auction and 2nd auction had to take place for several days. Eneco asks whether there are specific reasons explaining the lower offered volume on the mFRR auctions. Elia indicates that it is unable to comment on the reasons as it may not be public information. The first occurrence took place on Saturday, it took some days for the market to adapt to the situation.

European Commodities asks whether the major changes in balancing price structure observed since January 2021 could be a partial explanation. Elia indicates that a deep analysis of the balancing prices is necessary to confirm this hypothesis.

Febeliec indicates that a proper balance should be made between what is paid in capacity reservation and what is also passed in balancing prices (when there is an activation). Both are eventually paid by customer even if in different ways. Axpo supports the idea of a "global welfare" approach. Elia indicates that the Clean Energy Package does not allow such an approach as it is clearly stated that the procurement of balancing capacity shall not take into account the price of balancing energy.

Febeliec indicates that the frequent design changes in product (ICH, R3DP, R3 Flex) is impacting the willingness to adapt to new product specifications. Elia takes notes of the comment and explains that the changes were communicated quite long in advance. The product evolved in the pursuit of harmonization. The phase-out was initially set for 2018 and was extended as much as possible. However, this cannot go on due to lack of solid ground for the request for derogation for a specific product.

Elia presents the next steps, i.e. to amend the LFC Means to only procure mFRR Standard as of 17 December 2021. The T&C BSP for mFRR will be cleaned up in 2022 when being amended for MARI.

8. Planning EU Balancing : status & next steps

No comment or question from the stakeholders.

AOB - Exemption on aFRR capacity symmetrical product

No comment or question from stakeholders.

AOB - Status on public consultation of PfA of T&C BRP

No comment or question from stakeholders.

AOB - Update public consultation on a technology neutral framework for slow-start units

No comment or question from stakeholders.

AOB - Update study paid-as-cleared remuneration of balancing capacity

Elia carried out last year a study on the possible move from a Pay-as-Bid to a Pay-as-Cleared remuneration of aFRR and mFRR balancing capacity. It was concluded that it was too early to make a decision on this topic and that an update study would be carried out in 2021.

Considering market developments in 2021 and the uncertainties related to the impact of joining the EU platforms on the capacity market, it seems too early to Elia to consider changing the remuneration as the risks associated with such a change do not seem sufficiently under control.

The suggestion of Elia, after discussions with CREG, is to wait for mFRR to have a better view on how the market behaves and stabilizes after Elia is connected to MARI Platform. For aFRR, Elia does not consider appropriate to deviate from the update in the auction design which foresees a remuneration scheme for capacity, as discussed earlier this year.

Centrica indicates that, as liquidity aspects were important for the mFRR Flex phase-out conclusions, it hoped that analysis on liquidity will also be used in this context to reach conclusions on shifting to a pay-as-cleared scheme. Elia indicates that given the large spread between the offers, more return of experience is necessary to assess the impact on the tariffs. It notes also that other elements should be taken into account, such as market concentration, etc. and reminds that there is no legal obligation to move forward with a decision (unlike for the mFRR Flex phase-out). Centrica shares its disappointment that the liquidity argument is not withhold to change the remuneration mode. Yuso supports Centrica and adds that Pay-as-cleared incentivizes flexibility owners to bid in their real cost (even if zero) and not to double-guess what the most expensive bid would be and position their capacity bid price. Elia fears that, at least in the short term, there may be a significant price increase if a paid-as-cleared remuneration is adopted. Febeliec supports the conclusions of Elia.

AOB – Request from stakeholders to hold a workshop on imbalance price.

European Commodities refers to a bilateral exchange with Elia and explains their concerns about the market evolution in 2021 and especially to evolution of imbalance price. The concerns are shared by Axpo and FEBEG. A meeting is requested to discuss this topic, ideally by the end of September as the situation is deemed critical by the stakeholders due to the significant financial exposure. Elia agrees to have a meeting to further dive into the topic. Elia indicates that a more realistic timing would be the first fortnight of October. Elia proposes to have an agenda in three parts:

- Analysis of the evolution of the imbalance price and identification of main drivers
- Future evolution of imbalance price with the upcoming balancing platforms
- Presentation from the stakeholders on their concerns.

Elia indicates that the success of this meeting will depends on the contribution of the stakeholders. Axpo indicates that it will share proactively their analysis and possible mitigations.



Febeliec asks to confirm whether the meeting will be a workshop or a discussion in the next WG Balancing. Elia indicates it will be a workshop and that conclusions will be reported back in WG Balancing.

Flexcity indicates that the alpha factor incentivizes the market parties to prioritize the correction of their own perimeters rather than offer free bids. Elia will analyze the alpha factor for the workshop.

Yuso indicates that there is more flexibility than what is being procured by Elia. BRP may need to get assets for their own flexibility, to balance their perimeter. A design change in this case may not be the solution. Elia agrees with Yuso, the prices are the result of market dynamics and Elia should not intervene.

3. Date for next meeting

- 28/10/2021 – 13:00 – 16:00
- 08/12/2021 – 13:00 – 16:00