



MARI-iCAROS public consultations

Feedbacks Market Parties

12/10/23 | Sybille METTENS & Raphaël DUFOUR



Agenda

1. Introduction
2. Common topics MARI/iCAROS
3. T&C OPA
4. T&C SA
5. Rules for Coordination & Congestion Management



6. Balancing Rules
7. T&C mFRR

ELIA would like to thank the market parties who responded to the public consultations

- ELIA highly values the feedbacks received, especially during these intense times
- **ELIA is conscious of the challenges** associated with the MARI & iCAROS design changes: ELIA started the discussions very early (via the organization of several workshops and provision of documents) **& took the time needed to make it easier for market parties to understand** the new rules & clarify the design
- ELIA is aware of the difficulties market parties have faced during summer:
 - This is why ELIA set a longer consultation period
 - For **MARI**: From 05/07/2023 to 30/08/2023 so 8 weeks instead of the minimum duration of 4 weeks
 - For **iCAROS**: From 06/06/2023 to 25/08/2023 so about 12 weeks instead of the minimum duration of 4 weeks
 - ELIA's ambition is to avoid summer as much as possible but, because of the roadmap validated with the CREG and the market, ELIA couldn't do otherwise this time

Public consultations MARI & iCAROS

MARI

- Public consultation concerned:
 - The T&C BSP mFRR adapted in the framework of the MARI project
 - The Balancing Rules adapted in the framework of MARI project, PICASSO project & transfer of the provisions regarding the imbalance tariff towards the T&C BRP
- ELIA received non-confidential replies from:
 - Centrica
 - FEBEG
 - FEBELIEC

iCAROS

- Public consultation concerned:
 - The T&C OPA, T&C SA and Rules for Coordination and Congestion Management adapted in the framework of the phase 1 of iCAROS project
 - The planning and content of the phase 2 of iCAROS project
- ELIA received non-confidential replies from:
 - Belgian Offshore Platform (BOP)
 - Centrica
 - Eneco
 - FEBEG
 - FEBELIEC
 - Zandvliet Power

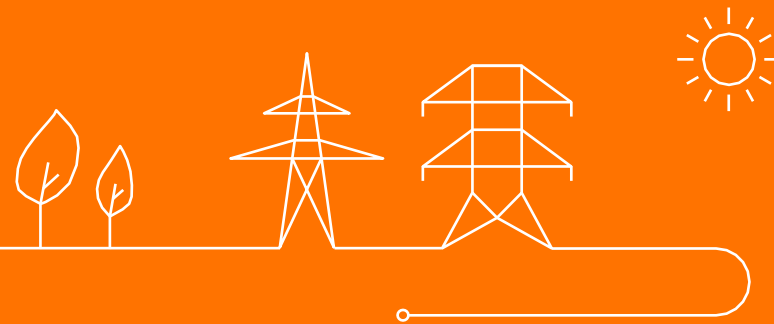


Disclaimer

- The slides do **not** include **an exhaustive list of the feedbacks** received during the public consultations
- ELIA also invites market parties to refer to the consultations on:
 - The incentive on the prequalification, control & penalties for the aFRR and mFRR services
 - The study on the BRP perimeter adjustments applied in case of the activation of mFRR or redispatch energy bids
 - The proposal of amendment of the T&C BRP



Common topics between MARI & iCAROS



FEBEG (for RD bids & mFRR bids) & **Centrica** (for mFRR bids only) are **opposed to the base penalty factor** of 25% related to activation control. **FEBELIEC** wants a good balance between ensuring a reliable service & and not creating an undue financial burden. **FEBELIEC** considers that activated volumes must be delivered to avoid ever-increasing contracted volumes. **FEBELIEC** also wants to avoid a free lunch, at the detriment of system stability and overall system costs, for any participants upon non-compliance, while at the same time not creating a barrier for entry.

$$Penalty = \underbrace{Penalty_{base}} + Penalty_{additional}$$

$$= |penalty\ factor \times RD/mFRR\ Energy\ Missing$$

Redispatching

mFRR

- ELIA insists on the importance of having sufficient incentive to correctly deliver RD service that is **critical to ensure grid security**
- Considering:
 - Cost-based remuneration
 - Impacting evolution compared to current situation
 - Learning period for market parties
- Proposal to introduce **a progressive “penalty factor”** as follows:
 - 0% at Go-live
 - 5% after 1 year
 - 10% after 2 years

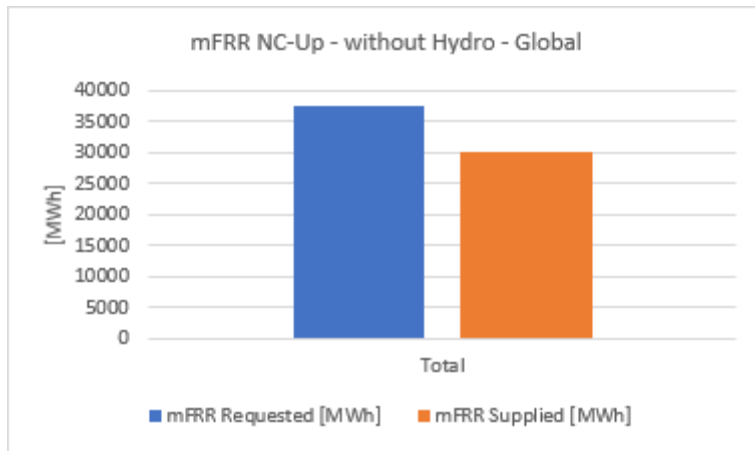
- MARI requires that **bids are firm &** therefore **reliable**
- There is a clear **financial interest in participating** in the service (mFRR is market-based, with marginal pricing)
 - The proposed penalty scheme aims at providing an incentive for the BSP to strive for such reliability & at avoiding that a failed activation is financially neutral for the BSP
- **If BSP does not deliver** the requested volume, **imbalance will occur and ELIA** will potentially **request activation of** more **aFRR** (With the new aFRR dimensioning methodology, aFRR capacity reserves could progressively increase)
 - The lack of reliability could lead to costs that are socialized, without any significant impact on the BSP itself

(Together with the increase of penalty factor for RD,) ELIA proposes to **re-evaluate penalty rules** & the consequences on the SAs/BSPs & the grid **within one year** post go-live. This analysis will be shared with market parties (incl. CREG) and may lead to adaptations, if deemed necessary

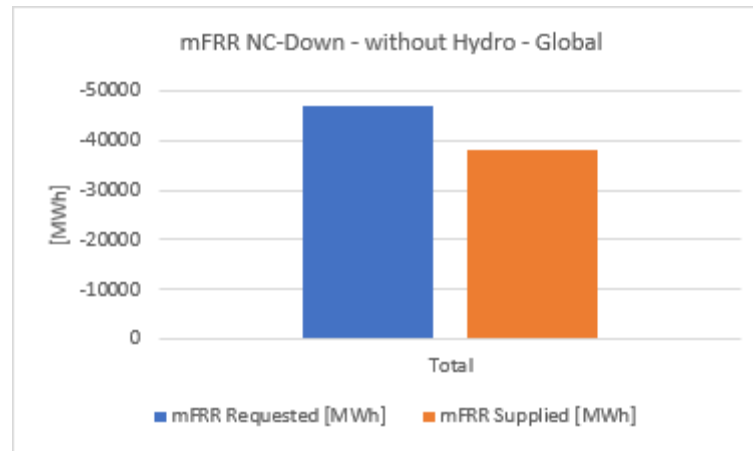
FEPEG (for RD bids & mFRR bids) & **Centrica** (for mFRR bids only) are **opposed to the base penalty factor** of 25% related to activation control. **FEBELIEC** wants a good balance between ensuring a reliable service & and not creating an undue financial burden. **FEBELIEC** considers that activated volumes must be delivered to avoid ever-increasing contracted volumes. **FEBELIEC** also wants to avoid a free lunch, at the detriment of system stability and overall system costs, for any participants upon non-compliance, while at the same time not creating a barrier for entry.

Results of the activation control for 2022:

Non-contracted mFRR Energy Bids

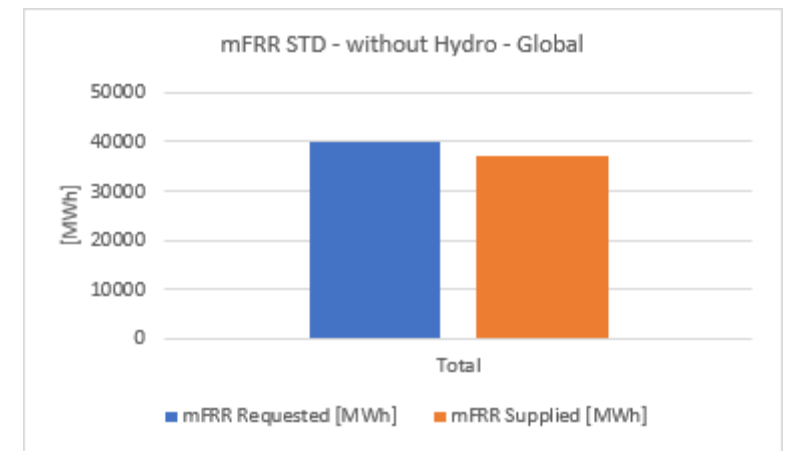


20% of the activation are failed



18% of the activation are failed

Contracted mFRR Energy Bids



8% of the activation are failed

Disclaimer:

- The data does not include the activations of the pump-storages
- All the mFRR energy supplied are capped to the corresponding mFRR energy requested



Centrica & FEBEG indicate that the bid characteristic '**Maximum Energy Level**' (MEL), while needed for certain technologies, is not part of the T&C BSP mFRR



ELIA confirms it has included the **MEL in the final version of the T&C BSP mFRR** (and therefore in the final version of the **T&C SA** for alignment reason)



FEPEG questions the 'divisibility rules' for DP_{SU} (in Annex 9.A.2 in T&C BSP mFRR & in Annex 5.A in the T&C SA)

9.A.2 DIVISIBILITY CHARACTERISTICS FOR MFRR ENERGY BIDS INCLUDING DELIVERY POINTS DP_{SU}

The following rules are applicable for upward mFRR Energy Bid including Delivery Points DP_{SU} :

- When the Daily Schedule of a Delivery Point DP_{SU} is superior or equal to its related DP_Pmin_{inj} , this Delivery Point can only be included in a fully divisible mFRR Energy Bid.
- When the Daily Schedule of a Delivery Point DP_{SU} is inferior to its DP_Pmin_{inj} , this Delivery Point may be included in a (partially) indivisible mFRR Energy Bid. In other words, only non-started DP_{SU} can be included in (partially) indivisible mFRR Energy Bids.

- The minimum volume, expressed in MW, that represents the divisibility of the RD Energy Bid, considering that:
 - All RD Energy Bids must be fully divisible except in case of a start-up.
 - The volume must be included between 0 (zero) MW (fully divisible) and the sum of the DP_Pmin_{inj} and/or DP_Pmin_{off} of the Delivery Points, included in the RD Energy Bid;
 - The volume granularity is 1 MW.

ELIA understands FEPEG's comment and proposes to **remove the section 9.A.2 from the T&C BSP mFRR** & the above bullet points from Annex 5 of the **T&C SA**



Art 17 & 18 deals with the publication along with the **reporting and monitoring**. **FEBEG** expects the inclusion of paragraphs addressing **the CRI** related requests as specified earlier in this document.

FEBEG, BOP & Eneco also **request transparency about Return to Schedule (RTS)** requests

Return to schedule transparency:

- RTS can ONLY be requested if the CRI level in the zone is Medium or High
- **Monitoring of RTS requests** in then ensured via foreseen monitoring of CRI levels

Real-time publication

CRI level of each Electrical Zone

Zonal Active Power Cap of each Electrical Zone

Quarterly report

Filtering of aFRR balancing bids



Yearly report

Indicators on determination of CRI levels

Impacts of CRI on the balancing bids

Updated list of Electrical Zones

Monitored Grid Elements

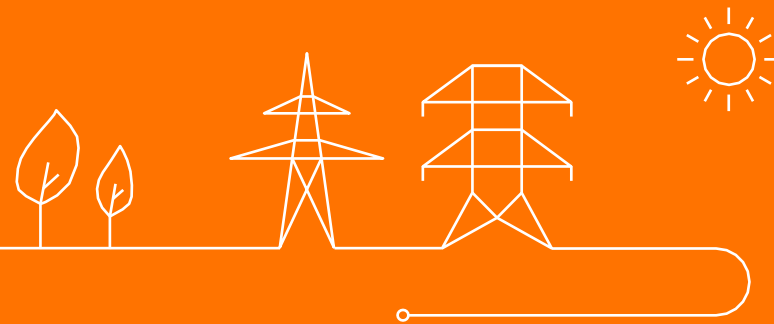
CRI filtering



Balancing Rules

Rules for Coordination & Congestion Management

Feedbacks public consultation *T&C OPA*



BOP mentions that a manual approval process of availability status change request within 24h does not seem to fit for weather dependent assets and asks for some comfort in the OPA contract related to timings of validation and reasons to reject a change

FEBEG identifies some timing issues related to the approval process within 24h if the change request is made in D-2 and requests a gate opening time for change request as from Tuesday 18:00 W-1

- Elia confirms the **need of a manual approval** to ensure that the change request does not lead to operational security issue. These 24h are necessary to ensure a correct analysis of the operational security and assess the possible impact on maintenances/works planned by Elia including the possible costs associated to a shift of these maintenances if possible and relevant
- Elia adds the **following elements related to the approval process of availability status change request in the OPA contract**:
 - Approval/rejection will be performed **as soon as possible** but at the latest 24 after the request
 - In case of rejection, the **reason for rejection** will be provided
 - The **validation process** follows the rules stated in the Rules for Coordination and Congestion Management (Articles 4 and 6.5)
- Elia modifies the **timing related to the approval process of an availability status change request for day D** as follows (minimum between the following):
 - 24h after reception of change request
 - **D-1 before start of the unavailability period at 10 AM**
 - 30 min before start of unavailability period
- Elia modifies the **gate opening time** according to FEBEG request
 - Any modifications between Tuesday 18:00 W-1 and Thursday 18:00 W-1 will be approved or rejected at the latest Friday 12:00 W-1



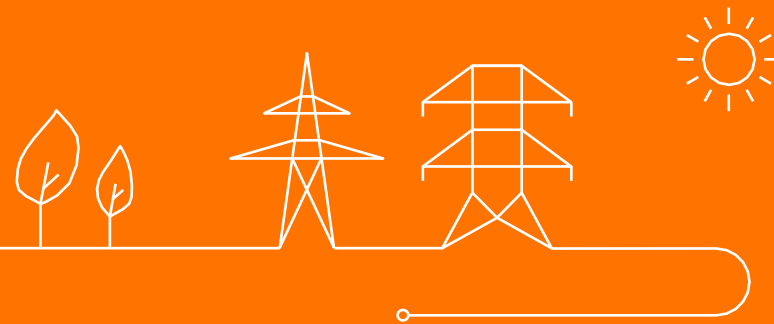
FEBEG asks for no penalty in case OPA/SA have acted correctly and to apply the penalty once if the SA and the OPA is the same party

Febeliec mentions that the penalty should not be applied if there is no intentional fault

- Elia reminds that it is neither entitled nor able to identify the responsible of the inconsistency
- Elia reminds that the first objective is to solve the inconsistency during operational timeframe
 - Elia even foresees notification when inconsistencies are detected
- Elia reminds that the penalty is only applied if data have not been corrected during operational timeframe
- If the SA and OPA roles are taken by the same party, inconsistencies are expected to be very rare
 - To avoid double penalty, Elia proposes to apply the penalty once if SA = OPA
 - Should this lead to issue related to market playing field, Elia keeps the right to reintroduce the initial penalty



Feedbacks public consultation *T&C SA*



FEPEG and **Zandvliet Power** ask for clarification related to iCAROS processes for units facing coordinability limitations only at some moment in time (e.g. WKKs)

Febeliec specifies that it might be needed to refine this concept or provide additional guidance for interpretation for demand facilities in the framework of iCAROS phase 2.

- Elia reminds that the main part of the processes in scope of iCAROS are applicable to all types of technical facilities (e.g. provision of availability statuses and schedules)
- Elia specifies that the Coordinability Level is an intrinsic parameter of a technical facility. The possible coordinability limitations can be handled via the **direction associated to the Coordinability Level** and/or the **parameters defined when providing RD bids** (FAT)
- Elia also specifies that Technical Facilities could be considered as non-coordinable, in this case a **technical justification is required**
 - Non-coordinable level does not forbid technical facilities to provide flexibility via RD bids to Elia
- Finally Elia confirms that the applicability of this concept will be analyzed in the framework of iCAROS phase 2 considering return of experience and additional cases to be taken into account such as demand facilities.



BOP requests to clarify under which conditions Elia can request a must-run or may-not-run and to precise if it must at all times be linked to system security

FEBEG and BOP request to clarify the use of the formula described in Annex 10 concerning the remuneration of a may-not-run

- Elia confirms that must-run and may-not-run are only requested for system security reasons according to the rules described in the Rules for Coordination and Congestion Management. **This has been more clearly expressed in the SA contract.**
- Concerning the annex 10, Elia indeed confirms that it has to be considered as a minimum value as the actual remuneration of a may-not-run is based on an offer made by the SA to Elia, in accordance with the conditions set in the SA contract.



BOP requests clarification of the conditions to refuse a schedule update in case of storm event

- Elia has added some clarification in the contract concerning the reason and timings of a possible rejection:
 - A schedule can only be rejected in case an operational security risk is detected at the end of the storm event when the offshore power parks intend to restart their power production (as foreseen in the Code of Conduct).
 - The SA is notified of the rejection as soon as possible and at the latest 30 minutes before real-time.

Storm event



BOP

- opposes the introduction of RTS without a more elaborated justification of its need, based on an extensive data analysis with objective criteria.
- estimates that unremunerated RTS is not fair for weather-dependent assets
- requests Elia to elaborate on the rules to request redispatching and RTS
- considers that RTS should be considered as redispatching according to EU regulation and should be remunerated as such
- requests transparency on the use of RTS requests

- Elia first reminds two important elements related to RTS requests:
 - **RTS will only be requested if the CRI level in an electrical zone is High or Medium.** Considering CRI is published and defined as from D-1, the risk to be exposed to RTS is transparent and known in advance
 - Weather dependent generation resources are of course considered as non-coordinable in upward direction (no RTS in upward direction will be requested)
- Process-wise, Elia distinguishes the scopes of RTS and redispatching:
 - Schedules are contractual inputs (SOGL art 40) that are used as input for the common grid model (CACM art 16) in order to perform the necessary security analysis and XB capacity calculations
 - If security analysis detects a congestion, remedial actions will be used to solve it → Redispatching is considered as a remedial action and implies a variation compared to the schedule
 - SA contract authorizes schedule to be updated until RD GCT (45 min before RT)
 - **Returning to the “latest schedule” is not considered as a remedial action as it is considered as a request to comply with a contractual obligation** (comply with the latest information provided to Elia) **and so is not remunerated.** This will be clarified in the Rules for Coordination and Congestion Management
- ➔ This approach is compliant with the methodology on Coordinating Operational Security Analysis (CSA), SOGL, CACM and Code of Conduct



Eneco indicates a conflict between the non remunerated RTS and the principles of the Royal Decree of July 16th 2002 concerning subsidy regime for offshore wind farms

Eneco asks Elia to indicate if she sees a risk related to artificial increase of the schedule to avoid RTS and, if so, how this risk is mitigated

- Elia does not agree with Eneco and does not see contradiction with the Royal Decree of July 16th 2002 that foresees a remuneration of the LCOE per produced MWh but **does not foresee any compensation for non-produced MWh resulting e.g. from respecting data submitted in a contractual framework such as a return to schedule.**
- Concerning the risk related to artificial increase of schedule:
 - Elia reminds that, in case of doubt on the accuracy of the schedules, justifications and a plan for improvement of the accuracy of schedules can be requested. A monitoring of the schedules updates in electrical zones in which a Medium or High CRI level is defined will also be made by Elia and provided to the CREG
 - Elia also highlights the risk of this approach for market parties as artificial overestimation of schedules will lead to **overestimation of congestion risk in an given electrical zone** (especially with Medium or High CRI level) → this means an increasing risk of a request of RD energy bid activation according to a **technical-economical merit-order in the zone** (not known by market parties)
 - If the schedule does not correspond to a balance position → risk of imbalance in case the unit is selected for redispatching
 - If the schedule corresponds to traded energy but cannot be respected due to an expectation of being redispatched → risk of imbalance is the unit is not selected for redispatching



FEPEG recommends higher tolerance band (25%) for the 2nd and 3rd of the return to schedule
BOP and FEPEG question the formula for the penalty applied in case of non compliant RTS

- Elia reminds that a specific high tolerance already exists for the first quarter-hour to take into account ramping limitations and a limited tolerance is also applied for 2nd and 3rd quarter-hours to consider accuracy/metering errors. 25% tolerance is considered as much too high considering the criticality of RTS
- Elia reminds that the reasoning behind the definition of the penalty formula is to avoid any arbitration by the SA between performing the RTS and making profit either on the imbalance market (real-time deviation based on the imbalance price) or on ID market (deviation due to a local ID trade after RD GCT).



FEBEG and BOP ask for including more components in the cost-based formula such as opportunity costs, investment costs or reward for risk taken

FEBEG requests the removal of the overdelivery control in case of start-up

- Elia reminds that the cost-based price should **respect the principles described in annex 6 of the SA contract i.e. being reasonable, demonstrable, directly linked to the request**. Any profits that could have been made due to external factors (own SA actions, balancing need, possible penalties) should not be included in the formula
- While already existing in current SA contract, **start-up control will be removed** due to complexity in the context of explicit bidding – a correct control is not straightforward - and the limited amount of cases



FEBEG asks for an alignment of RD GCT and mFRR GCT in the future or at least possibility of bids updates after GCT as in mFRR

- **Elia specifies that an alignment is not possible at iCAROS phase 1 go-live** as the risk on operational security is assessed as unacceptable
- Elia confirms that an **analysis for a possible future evolution** (based also on return of experience) will be made



FEBEG proposes to include imbalance price in the start-up price for all quarter-hours of the ramping period in order to avoid any financial exposure during the ramping period in case of start-up/shut-down

- Elia reminds that this is the **responsibility of the BRP** to pro-actively ensure that it is in balance during the ramp-up/ramp-down period.
- As marginal costs are anyway covered, the financial exposure is limited to situations in which imbalance and ID prices are negative during ramping periods
 - The combination of a start-up to mitigate an operational security risk (about 2-3 times a year in average) with these situations has a low probability

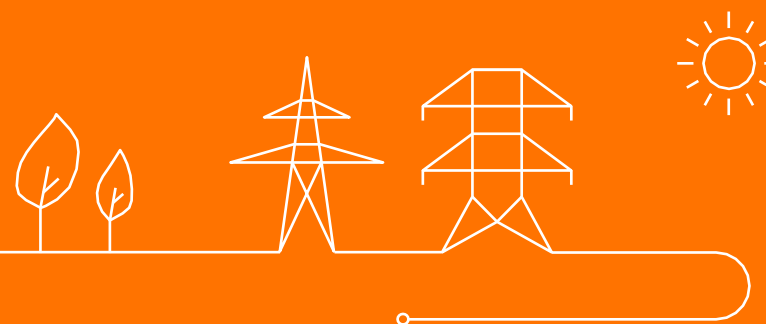
→ **Elia will then not allow including imbalance price in the start-up price**

**Correction of BRP
perimeter**



Feedbacks public consultation

Rules for Coordination and Congestion Management



Centrica encourages Elia to better describe the selection of compensation mechanisms, and to make operational choices and market outcomes publicly available

FEPEG notes that compensation bid is not specific to a particular location and should instead be a balancing bid with a remuneration based on market prices

- Elia first confirms that RD energy bid activations are **only used to solve operational security issues** following the rules defined in the Rules for Coordination and Congestion Management or, for exceptional situations, in the LFC BOA. A RD energy bid activation is always locational-based as it is intended to solve a local operational security issue.
- Elia also confirms that the **volume to be compensated in order to maintain the balance of the grid following a RD energy bid activation will be considered to assess the need of (mFRR) balancing activations** according to the principles described in the Article 13 of the Rules for Coordination and Congestion Management and Article 13 of the Balancing Rules.
- In case multiple RD energy bid activations (in upward and downward directions) are necessary to solve the same or different operational security issues, Elia will use the net sum of these activations to compute the need of compensation. This principle does not imply the use of a RD energy bid activation to ensure the compensation (that is ensured via balancing activation as stated above) but results from an efficient determination of the need of volume to be compensated.

→ **Elia confirms that the compensation mechanism is unique and will always be performed via balancing activations**

**Compensation
mechanism**



Centrica advocates for the advancement of the initial CRI levels publications to 6 PM D-1

- Elia specifies that some of the data necessary to execute operational security analysis and compute the CRI levels are only available as from 8 PM D-1 (reception of data concerning European common grid models from Coreso)

→ **A publication as from 6 PM D-1 is then not possible.**



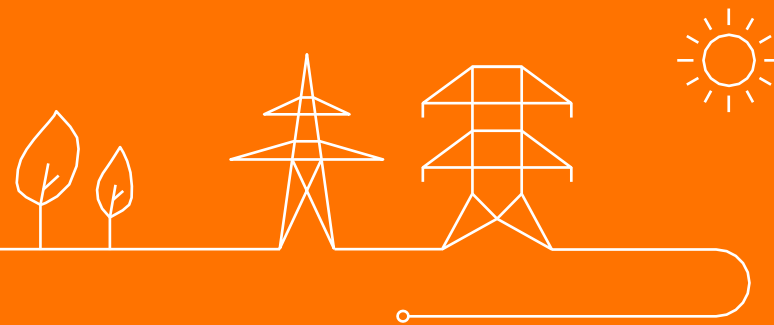


15-minute break



Feedbacks public consultation

Balancing Rules



The trigger to launch the activation of mFRR Energy Bids is not detailed in the balancing rules. **FEBEG** believes that **mFRR Energy Bids - certainly the cheap ones – should be activated before** a part of the (more expensive) **aFRR Energy Bids**. **FEBEG** asks ELIA to give more transparency on the definition of mFRR demand for both activation types and also to present the most cost-efficient activation methodology.

- Balancing Rules state that mFRR Energy Bids will be activated in SA to cover ELIA's best estimate of SI for the next QH
→ **Purpose: Regulate ACE to 0 and/or relieve aFRR**
- **aFRR & mFRR products are ≠ products** with ≠ properties aiming to cover ≠ situations
- During each QH0, the process is as follows (Consistent with the new aFRR dimensioning methodology):
 1. Estimation of the SI forecast for QH+1
 2. Activation of mFRR in SA for QH+1 to cover foreseeable imbalance
 3. Activation of aFRR for remaining intra-QH+1 variations (not covered by mFRR)
- It limits the frequency of activation of aFRR bids at the end of the merit-order
- ELIA makes sure to make the best use of EU platforms allowing ELIA to access the cheapest bids for each product
(as MARI uses the ATC 1st & so should bring more price convergence)
- **ELIA does not intend to make a cost optimization between aFRR & mFRR**

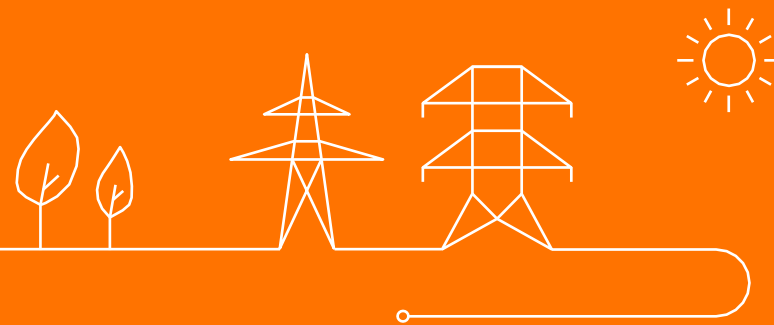


FEBEG believes that, in case of medium CRI, the remaining capacity (hence the bids not filtered out) should be allocated to the cheapest FRR energy bids (instead of allocating the remaining capacity in priority to aFRR energy bid)

- From a conceptual point of view, it could make sense to use a common merit order with aFRR & mFRR
- **HOWEVER:**
 - **aFRR & mFRR products are ≠ products** with ≠ properties aiming to cover ≠ situations (although aFRR could replace mFRR, the opposite is not true) → **ELIA must keep aFRR bids in priority** (as they are the most “polyvalent” reserves) until the volume of dimensioned aFRR reserves is available in the LFC Block of ELIA
 - Create **a common merit order is complicated from an IT point of view** (e.g., creation of a common merit order list, communication between IT tools that do not communicate today, impact on the performance of the filtering algorithm, etc.)
- **Changing the implementation plan before MARI go-live is not possible**
- ELIA proposes to **analyze the impact of the proposed filtering and related inefficiencies within a year from local mFRR go-live and** monitor the performance of the filtering algorithm
- **ELIA will propose an adaptation of the CRI filtering rules if the conclusions of the analysis recommend it**



Feedbacks public consultation *T&C BSP mFRR*



FEBEG wants to remind that FRR bids filtering is the result of congestions on the grid & this falls under the prerogative of the TSO. Pushing back the cost of congestion to BSPs is not putting the incentive at the right party because BSPs cannot do much (or anything) about congestions. **FEBEG** attaches great importance to initiatives aimed at **reducing the necessity for filtering &** considers that an action plan is necessary to reduce such occurrences, along with a **feedback loop to adjust criteria in cases where CRI is misused**.

- **It is in ELIA's interest to get as few occurrences of high/medium level of CRI & as few volumes of filtered bids as possible,** in order to have enough liquidity to operate the grid in RT
- ELIA has already worked hard to propose rules that reduce filtering as much as possible:
 1. Implementation of new computation process to determine CRI levels based on a structural methodology & quantitative yearly process: This computation provides results better in line with RT situation & less high/medium CRI than the red zone computation
 2. Structural update of CRI levels 3 times a day
 3. In the current situation, in a zone with the equivalent of a medium CRI, ELIA filters all mFRR Energy Bids including a DP_{SU} located in the red zone, regardless of the bid volume or the $DP_{P_{max}}$
 4. A specific filtering process is implemented to not filter aFRR Energy Bids unless strictly necessary
- **New filtering process is a clear improvement:** For an equivalent situation, ELIA will filter significantly less volumes
- ELIA acknowledges that a BSP may miss an opportunity: ELIA is working constantly at limiting internal congestions but in specific situations (e.g. outages of grid elements for maintenance or infrastructure projects), congestion issues may still occur



FEBEG considers that the combo activation with allocation of the energy firstly to RD and to mFRR afterwards is unjustified & that the **RD activation should be remunerated at the CBMP in this case.**

- ELIA does not agree & reminds that a **RD activation is only used to solve operational security issues**
- A **RD activation is** always **location-based** as it is intended to solve a local operational security issue
- **RD activations are** most of the time **requested ahead of RT** when the balance of the zone in RT is of course not known
- **A combo will** most of the time **result from an additional balancing activation requested in** (close to) **RT** on the same unit **regardless of the previously requested RD activation**



The obligation to offer mFRR energy bids does not specify which activation type.

Given that ELIA mentioned that SAs would be used most of the time & that DAs overlap on 2 QHs leading ELIA to set some bids to unavailable, **FEBEG** considers that **the obligation to offer should only cover SA type**.

The ability for ELIA to set SA to “unavailable” in order to retain an adequate number of DA **should prevent requiring the BSP to provide both SA & DA for non-contracted bids**.

- Today, as per art.242 of CoC, a **BSP** must **offer all available up/down active power in** the form of **balancing** energy bids for:



type C or D energy storage facility



Power generation units with max power ≥ 25 MW

→ For those units and, as foreseen in the current T&C mFRR, BSP's **flexibility must be offered at all times in the form of mFRR Energy Bids available for SA+DA** (provided that this power is not already made available in the form of aFRR Energy Bids)

- This obligation is highly **important to ensure** an **efficient functioning of** the **balancing energy market** by allowing ELIA to:
 - maintain a sufficient degree of competition
 - activate efficiently the flexibility that is not already dispatched by market participants
 - Avoid triggering exceptional balancing measures while sufficient flexibility is still available in the market
- The obligation to bid in SA+DA **allows ELIA** to use the offered volumes **to comply with the ‘time to restore frequency’** imposed by SOGL (i.e., 15”) **& to efficiently manage balancing reserves** by properly considering the available flexibility without needing any ex ante reservation:
 - No mFRR down is being contracted
 - ELIA considers evolving towards a partial procurement of reserves

FEPEG regrets that pooling DP_{SU} on contracted energy bids is not authorized (The criteria should be the size of the DP). The criteria should be the size of the DP irrespective of its technology.

In case of activation of an mFRR Energy Bid submitted for a QH and including a DP_{SU} representing a TF, it is always possible for the BSP, to use another DP_{SU} representing any other TF in case this DP_{SU} is:

- included in the Supporting mFRR Providing Group submitted for this QH
- included in any other mFRR Energy Bid submitted for this QH

→ **The BSP can use a DP_{SU} from a TF to deliver the volume requested by ELIA during the activation of an mFRR Energy Bid not linked to this TF** (general rule for a portfolio-based activation)

The “pooling” rule is to avoid that the CRI filtering has a too big impact on the volume available for MARI: The filtering of a bid including 2 (or more) TF because one of the DP_{SU} included in the bid is in a high CRI zone, could highly impact the liquidity



Centrica advocates for **enhancements in operational processes** outlined in section II.4.5 of the T&C mFRR (e.g., the establishment of an online GUD database in order to enable providers to independently sign their GUD for various services (such as balancing & CRM).

- Centrica's request is **in line with** ELIA's **ongoing efforts to minimize paperwork** as much as possible by digitizing and/or automating the common processes
 - Such a digitalization of documents (e.g., the Grid User Declaration) would **require** internal & external **alignment, IT adaptations & cross product approach**
- **ELIA** cannot commit on a planning for implementation but **will consider it in its roadmap** towards a more digital approach for all contracts in balancing & CRM market



Formulas in Annex 12.C (ramping factor) and 12.D (mFRR ENERGY SUPPLIED) are complex. **FEBEG** suggests that a **settlement tolerance** is foreseen for the early days post go-live.

+ Examples of settlement files using those use cases would be highly appreciated.

- ELIA understands FEBEG's concerns & the challenges associated with the design changes
 - **HOWEVER:**
 - The rules are being discussed with market parties since a moment
 - The rules are needed to provide the right incentive to BSPs to deliver the service, while guarantee that no incorrect penalties are applied to BSPs who correctly delivered the service
 - The volumes activated by ELIA need to be present as of the go-live as the consequences in case of under-delivery (cf. previous slides on activation control) are the same whether we are close to the go-live
- An **overall exoneration of penalties** during go-live **can** therefore **not be granted** by ELIA
- *ELIA invites FEBEG to come back with a **clear request regarding the needed settlement files** in order for ELIA to provide an adequate support*



Centrica strongly **disagrees with the requirement to only include in BU ACK2, DP(s) that were already included in BU ACK1**. This limitation poses significant challenges and could hinder operational flexibility. **Centrica** urgently requests ELIA to remove this restriction, allowing BSPs the freedom to include DPs in subsequent BU ACK, if required. Otherwise, BSPs will be compelled to include all DPs in BU ACK1 for any activation.

- ELIA understands that BSPs should have the flexibility to sometimes adapt their portfolio at a later stage of the activation
- ELIA proposes to **change** the obligation **into a “best effort”**
- ELIA has **no intention to completely delete this rule because** the DPs of **BU ACK1** have to be **transmitted to the BRP_{source}** in the framework of ToE



Section II.16.4 and Annex 14.C address the modification of $mFRR_{max}$ following 2 consecutive failed **availability tests**. **Centrica finds the rules concerning the restoration of $mFRR_{max}$ unclear**. The section mentions that a new prequalification test is required, but it does not specify which DPs should be included in this test.

- In case of 2 consecutive failed availability tests, the BSP decides on which DPs does the $\min[mFRR \text{ Missing } MW_{test\ 1}; mFRR \text{ Missing } MW_{test\ 2}]$ applies
- Knowing that, if $\min[mFRR \text{ Missing } MW_{test\ 1}; mFRR \text{ Missing } MW_{test\ 2}]$ is higher than the $DP_{mFRR,cb,up}$ of the DP chosen by the BSP, a second DP will have to be selected by the BSP (and so forth)
- The new prequalification test(s) will have to include the concerned DP(s)

	Example 1	Example 2
mFRRmax	20 MW	20 MW
The BSP has prequalified the following DPs via multiple PQ tests: - DP1: $DP_{mFRR,cb,up} = 11$ MW - DP2: $DP_{mFRR,cb,up} = 4$ MW - DP3: $DP_{mFRR,cb,up} = 5$ MW	/	/
An Availability test is organized in February on a bid including DP1 & DP2	Test is failed Missing MW = 5MW	Test is failed Missing MW = 10MW
An Availability test is organized in June on a bid including DP2 & DP3	Test is failed Missing MW = 3MW	Test is failed Missing MW = 9MW
$new\ mFRR_{max} = mFRR_{max} - \min[Missing\ MW_1; Missing\ MW_2]$	$20 - \min(5; 3) = 17\ MW$	$20 - \min(10; 9) = 11\ MW$
BSP decides to apply the Missing MW to the following DP(s)	DP1, DP2 <u>or</u> DP3	DP2 & DP3 <u>or</u> DP1
BSP requests one (or more) new prequalification test(s) on the following DP(s)	DP1, DP2 <u>or</u> DP3	DP2 & DP3 <u>or</u> DP1

Availability test

Centrica urges ELIA for further clarification in Section II.13.4 (i.e., The BSP can only use the Delivery Points included in the activated contracted mFRR Energy Bid(s) for the provision of the availability test.), which currently restricts BSPs to use only the DPs included in the activated contracted mFRR Energy Bid(s) for the **availability test** and **does not allow the use of DPs part of a mFRR Supporting Providing Group.**

- **Purpose 1: Ensure** that the volume offered is available & **that a lack of volume cannot be compensated through volume offered in another bid**
 - Not possible if ELIA allows the possibility to use DP being part of the Supporting mFRR Providing Group
- **Purpose 2: Make sure a BSP does not offer more capacity than it is actually capable of delivering**

To verify the above, ELIA has only 2 options:

 - Test of the entire BSP's portfolio (This is too expensive for the BSP & too risky for the grid!)
 - Test one bid by asking the BSP to deliver the energy with the DP(s) it included in this bid
- As a reminder, as soon as the BSP notices a FO leading to an unfeasible delivery of the volume offered in a bid, it is obliged to notify ELIA by updating the concerned bids: **In case a FO is declared, ELIA will respect the updated volume to plan an availability test**



Centrica & FEBELIEC wants to better understand **why ELIA could refuse the use of a MAT/MEL/NT** and which use cases ELIA has in mind (it is not up to ELIA to decide how market parties should bid their flexibility).

- + **Centrica suggests to notify CREG** during “MAT/MAL/NT process refusal” when BSP’s justification is deemed unsatisfactory.
- + **FEBELIEC** considers that if market party has provided correct input in the BSP facilitation tool, **all responsibility for correctly translating this input into the bids lies with ELIA** because market parties are not involved in the underlying process).

- ELIA agrees to add that **if ELIA does not consider sufficient the justification** provided by the BSP on its use of the MAT/MEL/NT, **ELIA will discuss the justification with CREG before refusing the use** to the BSP
 - By involving the CREG, ELIA ensures the **neutrality of the approach**
- For the time being, **there is a lack of experience** on the use of the mechanisms: Setting rules at this stage will either create a barrier for market parties or leave a risk on the correct delivery of the service
- The possibility for ELIA (or CREG) to refuse the use of BSP facilitation come from the fact that it is important to be able to **avoid** – amongst other reasons* – **market manipulation or disrespect of** some **obligations** of the BSPs
 - ELIA **not in favor of adding clear criteria** & rules for the BSP facilitation
- When a BSP uses the facilitation tools & the outcome is not in line with the description of the technical documentation (i.e., in case of malfunction of the IT tool), then ELIA will of course not hold the BSP liable in case of incorrect delivery



Considering the **conditional transfer of obligations**, **FEBELIEC** insists that **it remains possible to enter into discussion with ELIA and/or CREG prior to any suspension** to ensure that only the concerned BSPs/DPs is suspended if there is an intentional aim to negatively influence market functioning.

- ELIA does not foresee a moment to discuss the point with BSP
- **If ELIA suspends the mechanism** or its use by a BSP, **it is** only **because ELIA receives this instruction from the CREG**
- It is up to the CREG to take contact with the BSP to obtain the information they deem necessary to assess on the possible market functioning impacts



Centrica finds the **20 WD timeframe for conducting the communication test unnecessarily lengthy** and recommends aligning it with the prequalification test (i.e., 10 WD) to promote responsiveness.

Centrica also requests to **increase the minimum timing between an adaptation of the communication requirements and the moment at which this adaptation becomes effective** (20 WD) to offer more preparation time for market parties, especially in cases where modifications would result in longer implementation times.

- ELIA agrees to align the **timing between the test organization and the test request** with the one defined for a prequalification test: **10 WD**
- ELIA is not in favor of adapting the minimum timing between an adaptation of the communication requirements & the moment at which this adaptation becomes effective
- **ELIA wants to keep the possibility to impose a “short” timing** if modification is minor and/or urgent
- **A major modification will always lead to discussions with the market parties** & ELIA will always give the market sufficient notice (by presenting a roadmap) so that it has time to anticipate changes on its side



Centrica recommends revisiting the way ELIA determines whether **mFRR Obligation** is met by **accounting for exceptional situations beyond the control of market parties** (i.e., CRI filtering)

- ELIA agrees with Centrica's comment and therefore adapted the T&C BSP mFRR for more clarity
- **ELIA has no intention to penalize** the BSP in the availability control **for situations which are beyond the control of market parties** (e.g., when a bid is filtered because of a high level of CRI, when a bid set to unavailable for MARI because of an Availability test, etc.)
- Only the following volumes will not be considered in the mFRR Made Available determination:
 - The volume of all contracted mFRR Energy Bids being conditionally linked to another mFRR Energy Bid and considered by this conditional link, as unavailable for activation
 - The volume of all contracted mFRR Energy Bids having been set to unavailable for activation because the bid was erroneous (cf. Art. II.10.30)



A Transfer of Obligation can be initiated by a BSP until 1 hour before the beginning of the 1st QH for which the Transfer of Obligation applies. To improve operational efficiency, **Centrica** requests ELIA to consider allowing a BSP to **initiate a Transfer of Obligation closer to the start of the QH** of concern: e.g., 30 minutes before the beginning of the QH.

ELIA agrees to allow a BSP to initiate a Transfer of Obligation until 30 minutes before the beginning of the concerned QH & will therefore adapt accordingly the T&C BSP mFRR



Thank you.

