

Workshop on connections with flexible access – Meeting report 10/10/2024

Meeting

Date	10/10/2024
Organiser	Antoine Weynants

Participants	Company
Elia	
Antoine Weynants	Elia
Philippe Magnant	Elia
Benjamin Genêt	Elia
Anna Tsiokanos	Elia
Jonathan Sprooten	Elia
Cindy Bastiaensen	Elia
Martin Funck	Elia
Jean-Philippe Deckers	Elia
Maëlle Verheyden	Elia
Market parties present	
Van Den Waeyenberg Sofie	CREG
Achten Leander	STORM
Stragier Hans	YUSO
Aertsens Walter	INFRABEL
Eyckmans Philip	NYRSTAR
Huysman Luc	FEBEG
Laleman Ruben	ENGIE
Renoy Quentin	ENGIE
Harlem Steven	LUMINUS
Mast Pauline	LUMINUS
Celis Chris	ODE
Van De Keer Lieven	BSTOR
Moens Virginie	BSTOR
Bayart Pierre	BSTOR
De Backer Ken	VREG
Canière Hugo	BELGIAN OFFSHORE PLATFORM
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Masiak Eryk	ENECO
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Eriksson Evert	VEKA
Koninckx Anton	VEKA
Faucon Valetine	PARKWIND
Stroobandt An	RWE
Watthe Gunnar	DEME CONCESSIONS
De Winter Christophe	OTARY



De Keyser Elias	PARKWIND
Market parties online	
Stéphane Marchand	CWAPE
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Stefaan Reyniers	COGEN VLAANDEREN
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Report

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1. Agenda

- 1. Planning**
- 2. Overview of the design**
- 3. Methodology for client connection studies**
- 4. Operational processes and flexibility activations**
- 5. Temporary period**
- 6. Annual / multiannual CAP**
- 7. Impact on the BRP**
- 8. Impact on the BSP**
- 9. Overview of changes and answers to main stakeholders' concerns**
- 10. Grid Studies: EOS/EDS Flex dossier**
- 11. Implementation Plan principles**
- 12. Next steps**

2. Report

These minutes should be read together with the accompanying slides. The explanations given by Elia on each topic are to be found in the slides and are not summarised here. These minutes focus on reflecting the core of the discussions that have taken place.

Intro

- Otary: how do you define "cost for society"? Is it only the costs for the grid? Or do we also take into account the costs for the grid user that will eventually find their way to the tariffs.
 - Elia: In the context of the development plans and scenario definition, the "cost for society" covers many aspects (such as production cost, grid investment cost, environmental costs, ...). This leads to an optimal proposal of development plans and growth potentials. Next to this, in case the connection of a grid user requires a flexible access for a temporary period, the deviation of the optimal cost is looked at. For this deviation, only delta grid

investment cost and delta congestion management cost are deemed sufficient to ensure an optimal decision-making process.

- CREG: for us, the concept of "cost for society" is bigger than just the tariffs.
- BSTOR: Elia has to apply market-based congestion management.
 - Elia:
 - There is a possibility to have a derogation for not applying market-based. We have submitted a derogation which has been approved by the regulators (CREG and VREG).
 - The derogation has an end date, meaning the cost-based remuneration can't be extended without updated analysis and discussions with market parties.
 - In addition, we'll present the roadmap for the future evolution of the flexible access framework by the end of the year, with a full package of products that need to be consistent with each other.
- CREG clarifies the foreseen process and planning for the decisions on the Code of Conduct.
 - Decision on article 61 (and other interdependent articles) expected by end of year.
 - Decision on other articles in Q1-2025.

Each of these decisions would be preceded by a public consultation on CREG's decision project.

1. **Planning**

- No discussion point.

2. **Overview of the design**

- No discussion point.

3. **Methodology for client connection studies**

- EOS/EDS process
 - Febeliec: It is not clear enough which assumption and hypotheses are used for the studies of Elia. We need more transparency.
 - Elia: In the design note and in the response to the comment received during the public consultation, we proposed to involve stakeholders (existing or potential future Grid Users) in the establishment of future scenarios for the power system (including capacity potentials at regional level, ...), in order to provide transparency. We propose to couple this initiative with the "Task Force Scenarios" organized for 2025 in the context of the next Federal Development Plan.
 - Luminus: if the capacity is already allocated (i.e. if the connection contract is signed), is it possible to have a review of the flexibility?
 - Elia: In the proposal, the reevaluation of the flexibility needs could lead to better or worse flexibility levels. In case the connection contract is already signed, Elia found it difficult to force the Grid Users to sign an updated contract with worse flexibility levels.
 - CREG: Luminus refers to cases where a revision is included in CREG's decision.
 - Elia: there is indeed a transition period that needs to be further investigated.
 - BSTOR: the reevaluation as proposed is ineffective, we don't understand why Elia doesn't recalculate when a new grid user gets lower numbers.
 - Elia: we didn't receive any feedback in the public consultation. And BSTOR's proposal doesn't cover all the cases at all. But we're open to discuss this.



- BSTOR: Limit the revaluation to 120WD before signing the contract is unacceptable.
 - Otary: a specific question for PEZ: what happens with the capacity if the connection contract is not signed after 240WD? Will the government loose the capacity?
 - Elia: we will investigate this.
- Otary: the impact of having a flexible access is very significant for the grid user, there is a need to have full transparency on the assumptions.
 - Elia refers to the discussion on the technical report that will be given at the end of the workshop.
- Otary: is there reserved capacity for Triton and Nautilus, how will we treat them?
 - Elia: the projects approved in the development plan are included in the scenarios.
 - Otary: if we recompute now, do we take Triton into account?
 - Elia: Triton is not affecting the flexibility level of PEZ anyhow.
- Otary: is there a flexible connection for interconnectors?
 - Elia: an interconnector is not a Grid User. It doesn't follow the flexible access framework.
- Otary: is Elia not in a situation of conflict of interest by being co-owner of some interconnectors ?
 - Elia: this is why we have a regulator.
 - CREG confirms this is being discussed with Elia.
- Luminus: But there's some inefficiency in the fact of keeping a contract flexible if the potential doesn't realize.
 - Elia: there is no activation in real time if there is no operational need. But if there is a need to activate flexibility more often (due to changing circumstances), the tariff will be impacted.
 - Luminus: We need a process that reevaluate the flexibility if the potential does not come.
 - BSTOR requests a validation of the potentials considered.
 - Febeliec:
 - It is indeed not efficient to reserve the capacities for a potential that might not come.
 - Furthermore, what happens when a new grid user can actually solve congestion issues? This is not taken into account.
 - Elia: this illustrates how complex the grid studies are. Fixing rules in a very rigid way will not let room for expert judgment anymore, and this is not in the interest of the grid users. It's important to explain what we do and provide transparency, but we need the trust from grid users that the grid studies experts try to find the best possible solutions.
 - BSTOR and Otary: agree to leave some room for expert judgement, but the application of the methodology should be challenged by the CREG or by an auditing party.
 - Elia: We are engaging in transparency. We've taken a lot of steps in this direction already (hosting capacity map, publication of the grid methodology, taskforce scenario in 2025...).
- Febeliec: It's important to keep a balance, and we might go too far in the guarantees given to grid users. In the proposed methodology there is a permanent band in addition to the cap in volume. It can't be the objective that a grid user leads to congestions that are solved by redispatching, which means more socializing. There should be a sufficient difference between flexible and permanent access.
- Otary:
 - Regarding the profiles and scenarios of production and interconnectors: are they mutually exclusive? Are we considering moments in time where all production means are producing f.i.?

- Regarding the thresholds, two aspects are missing: the activated volume and the probability of occurrence.
- It is not worth giving a flexible access for a limited volume of congestions.
- How to consider the proportionality principle for the grid user?
- BSTOR:
 - Considered potentials and risk of socialization of costs for flexible access should be a political decision.
 - Profile for storage: we welcome that Elia is considering the market profile in the two directions. It's a however simplistic approach, knowing that analyses done in the UK show that batteries are never producing more than 50% of their full capacity.
 - Elia doesn't take balancing into account in the profiles, but also doesn't consider the possibility to develop the congestion market via a market-based remuneration.
 - The "PTDF thresholds" do not respect the principle of proportionality.
- Luminus: activating within the permanent power is a new element. Do we do it also for permanent access? If it is, we're using flexibility from everywhere. If not, it's a discrimination.
 - There was insufficient time to answer during the workshop but it's an important question. Elia refers to the public consultation report (section 6.6 – comment related to the "Level-playing-field between Grid User with a permanent access and flexible access") : *"Elia acknowledges that this does not yet allow for a full level-playing field between a Grid User with a flexible contract (beyond the cap, beyond the flex band and after the temporary period) and a Grid User with a firm contract, as the latter can only be activated in redispatching. This is a topic that will be further investigated in the target model, where Elia considers the possibility to develop congestion management products closer to real-time subject to technical capability. Elia underlines that the proposed approach corresponds to the current approach and that the level-playing field is not deteriorated with the proposed framework. Note that, for an asset that has the technical capability to do so, being activated in Real Time (through Gflex) instead of ex ante (through RD) reduces the occurrence of activation as well as the opportunity losses."*
- Eneco: where does the 0.1% come from? How do we calculate this?
 - BOP: we need a justification for the 0.1%, what is the cost optimum for society?
- Elia takes notes of these comments and will provide answers in the methodology document which will soon be published on Elia Website. Elia advocates for a non-regulation of the document to have the flexibility to update it without formal public consultations, while committing to engage with stakeholders for each revision.

4. **Operational processes and flexibility activations**

- BSTOR: Why not only base the merit-order on the PTDF ?
 - Elia: According to the Clean Energy Package, the renewables and high efficiency COGEN should be activated last
 - BSTOR: Why not pro rata instead of LIFO?
 - Elia: to make sure that an existing grid user is not activated more often due to the arrival of a new grid user.
- Eneco: it's inefficient because there is no financial merit order.
 - Elia: that's the idea of the flexible access. Considering the costs would lead to more activations for a specific grid user that is more efficient, which would not be fair.
- Otary: LIFO: what is the moment considered?

- *Off meeting: Elia proposed in the Code of Conduct to consider the moment of the connection of the grid user*
- Febeliec: What about load?
 - Elia reminds that the current framework is based on the “Glfex product” with setpoints sent in real time. Solutions for demand facilities which can’t react in real time will be further investigated.

5. **Temporary period**

- Luminus: the time limit is very important for the business case.
- Otary: 2 years is a big margin: what is the risk we want to cover?
 - Elia: projects that are “in study” are early in the process of the project’s life cycle. In some cases, the concept of the project is not yet defined. Therefore, the proposed planning is a high-level estimate and considering a 2 years margin is seen as reasonable.
- Engie: is there a link with the level of maturity of the project?
 - Elia acknowledges that the 2 years margin can seem inappropriate when projects are close to realization. However, we need to keep simple rules, and those can go in both directions. For example, there is no margin at all on projects leading to a change of phase, while those can considerably reduce the flexibility needs.
- Otary: the possibility to extend is unlimited in time. It's only one joker, but it's a very big one. There can be no uncertainty on the duration of the flexible access and the temporary period needs to be firm.
- BOP: the joker undermines the guarantees.
- RWE is surprised that Elia counts on the grid user to obtain permits.
 - Elia understands it could be perceived as a transfer of risk for from Elia and the tariffs to the grid user. However, while Elia is already doing everything is in its own power to deliver the infrastructure projects on time, it remains important to have the grid user concerned by the permitting process.
- Engie: is there a new product to intervene in the permanent band, beyond the cap or after the temporary period.
 - Elia: activations will still occur with the Gflex product but will be remunerated.

6. **Annual / multiannual CAP**

- Not presented by lack of time.
- The Market Parties challenged the possibility to carry-over the unused flexibility volumes towards the subsequent years, which prevents projects from becoming bankable.
- Otary: the principle of funding a reserve account works in theory, but you need to be able to fund this reserve account. This has a negative impact on the project cash flow.
 - Elia wonders whether the reserve account could not be funded by the additional benefits from grid users in the years with less activations.
- BSTOR: it's acceptable to be able to carry over part of the unused volumes, but this must be limited (e.g. max 5%).

7. **Impact on the BRP**

- Febeliec
 - Highlights that all risks covered are to be paid by the tariffs.
 - The threshold definition is quite random.
- Otary:

- The 2 proposals in terms of R&R are absolutely identical.
 - Why do we activate in real time? Why not in day ahead or in intraday ?
 - Eneco: in the Netherlands they activate much longer in advance.
 - Elia reminds that the advantage of Real-Time activation of flexibility based on measurements is that 1) we don't need to activate preventively for congestions occurring in case of incident and 2) we only active the volume which is strictly needed (no forecast errors). Furthermore, the Grid Users (and his BSP/BRP/SA) will be informed in advance when a risk of flexibility activation is identified.
 - BSTOR: the correction proposed could be accepted as a worst case within the cap, but it's unacceptable beyond the cap due to limitations with the baseline approach.
 - Elia: we are open to discuss improvements of baselines. We already have identified some improvements.
 - CREG: the CREG clarified that the presented proposal is Elia's proposal and doesn't reflect CREG's position on the financial aspects.
8. **Impact on the BSP**
- Elia explains that we are working on this topic in order to find mitigations while providing the right incentives to the Grid Users and the BSPs.
9. **Overview of changes and answers to main stakeholders' concerns**
- Elia briefly explains this section includes information on where the principles of the design will be described (in the Code of Conduct, or in other (regulated) documents)
10. **Grid Studies : EOS/EDS Flex dossier**
- Otary: We need to know that the studies are based on solid assumptions. We should also have more information on the scenarios. Why are they kept confidential? Otary also wonders what does the CREG do with the full confidential technical report? Do they have the resources and expertise to analyze and challenge in details Elia computations?
 - CREG: we do some verifications, and we challenge Elia. For example, in case the whole power is flexible, we verified in the load flow results that there are indeed situations where the whole power need to be curtailed. But we're not grid calculation experts and we cannot verify that the simulations are correct.
 - Otary: that reinforces our ask. A third party should be appointed to audit the results of the grid studies.
 - BOP: confidentiality will not always be applicable. For offshore f.i., we can't use that argument. Can we find a middle way. E.g. share anonymous or aggregated information...?
 - BSTOR: time series would be useful.
 - Luminus : We as a market party could better challenge Elia we need some efficiency and optimization from our side.
 - Elia would like to understand the needs of the grid users. It can't be the objective to have a discussion on each file, that is why we provide transparency on the methodology rather than to have discussion on the full data set each time. It also allows to give the same information to everyone, keeping in mind the principles of confidentiality and privileged information. Elia invites the Market Parties to send their additional comments by email.

11. **Implementation Plan principles**

- Otary: will you inform this group when publishing the methodology?
 - Elia confirms.
- Febeliec: Febeliec does not agree with the bank deposit principle. Also on the guarantees, Febeliec considers that the balance is not ensured. Febeliec therefore doesn't agree with the proposed implementation plan.
- BSTOR / Otary: the methodology needs to be regulated.
 - BSTOR: we want more discussion on the methodology, and we request an audit of Elia's methodology before it is applied.
 - Elia:
 - Regarding the regulation of the methodology, it's eventually a CREG decision, there are benefits and drawbacks. Among the drawback, Elia believes regulating the document will not allow to bring possible needed evolutions as quickly and will prevent improvement from expert judgment.
 - Regarding the implementation of the presented methodology in the short term, Elia believes it's worth it to already make progress and to further discuss. An alternative is to freeze the methodology and not to benefit from the improvements in the short term

12. **Next steps**

- BSTOR is disappointed that Elia is not clarifying when we'll switch to market-based.
- Otary: when will PEZ have the necessary stable framework?
 - BOP: the framework will be too late. A firm connection is the only regulatory solution.
 - Elia: we would be discriminatory if we gave a firm access to PEZ.
 - CREG: if the article 61 of the Code of Conduct is approved before Christmas, there should be sufficient clarify for the bidders to prepare their bid for the offshore tender.
 - Otary: connection contract is not a detail.
 - Elia: there are some uncertainties. They are the same for everyone. We accelerate as much as possible, and we included in the Code of Conducts some elements that usually don't go in the Code of Conduct to provide as much clarity as possible.
- Otary: we encourage the authorities to consider the impact of this framework on the strike price.
- BSTOR: will we still have the possibility to comment on the methodology?
 - CREG: we should be able to discuss everything, that's why there are workshops.
 - Elia: it's already an improvement, so we propose to implement it. We'll communicate on the process and timing to engage in discussions on the methodology.

3. **Date for next meeting**

- 15/11/2024 - Workshop Incentive on connection with flexible access.