The pooling agreement: combining the imbalances of two or more ARPs to reduce their bill

Elia is responsible for ensuring balance within its control area, as per the provisions set out in the contracts it signs with the ARPs. They stipulate that every ARP has to always maintain the quarter-hourly balance of the offtakes and injections in its perimeter. Any ARP with an imbalanced perimeter has to pay an imbalance bill. To reduce the size of their bill, Elia offers ARPs the chance (before billing) of combining their individual imbalance with other ARPs' imbalances. The imbalances are offset against each other, thus leading to a lower overall bill.

For further information about the imbalance charge or the balancing data provided on the internet, see the sheet "Imbalance charges: an incentive for ARPs to maintain balance" and "Electronic publication of balancing data: information for the use of market operators".

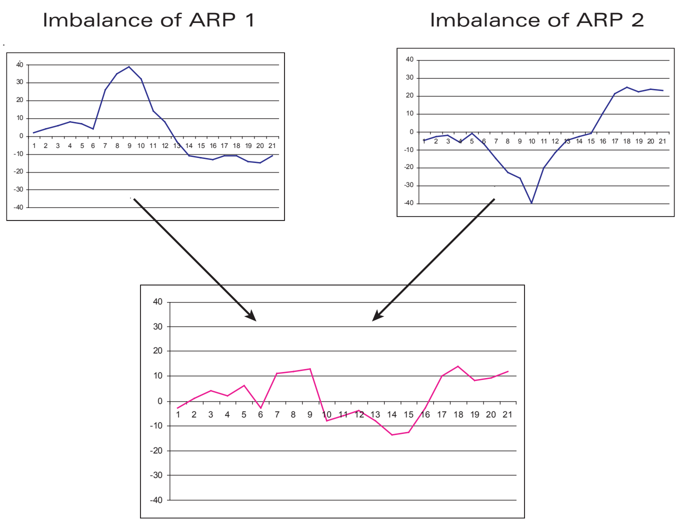
I. The pooling agreement: principles

The market player taking on the role of ARP does all it can to maintain the balance between injections and offtakes in its perimeter. It may be, though, that an outstanding imbalance still remains. The probability of such an imbalance increases if the ARP is responsible for physical injections or offtakes.

If its perimeter is not balanced, the ARP has to pay Elia an imbalance bill. An imbalance charge is applied to the ARP's imbalance, i.e. the discrepancy between the sum of injections and offtakes in the ARP's perimeter. The ARP will be billed for every quarter-hour that there has an imbalance in its perimeter.

I.1. Combining imbalances to reduce the bill

To reduce the imbalance bill, Elia allows ARPs to combine their outstanding imbalances with other ARPs and thus be billed en masse. This arrangement takes the form of a pooling agreement, which can be activated by signing annex 7 of the ARP Contract.



Overall imbalance volume of the pool

The principle of pooling is based on the fact that it is likely that, for a given number of quarter-hours, an ARP's individual imbalance can be offset by another ARP. This is the case if they have contrasting imbalances (one ARP has an individual imbalance with an injection deficit whilst another has an individual imbalance with an injection surplus). A bill for the overall imbalance, where the imbalances will have been combined, will therefore always be less than (or, at most, equal to) the cumulative individual bills of the ARPs taking part in the pool, as unexpected fluctuations in a larger number of offtakes and injections cancel each other out to some extent.

With pooling, Elia wants to help make it easier for market players to become an ARP, as it enables the relevant parties to reduce the imbalance and billing risks that come with this role.

I.2. One ARP responsible for the whole pool of ARPs

The overall bill is sent to just one ARP. This ARP is designated in advance in the pooling agreement. The bill is based on the overall imbalance of the pool and contains (in annex) the quarter-hourly individual imbalance of each ARP taking part in the pool. These data allow the ARP responsible for the pool – the one that receives the bill – to divide up the cost of the total imbalance amongst all the ARPs that have signed the pooling agreement. How this cost is divided up depends on the agreements that have been made between the ARPs.

I.3. Confidentiality guaranteed

The pooling agreement does not have any impact on the ARPs' other activities. Apart from every ARP's quarter-hourly individual imbalance being supplied to the ARP responsible for the pool, no information is passed between the ARPs taking part in the agreement. This means that the confidentiality of information (such as the individual activities in each ARP's perimeter or the capacities managed by the ARPs) is fully guaranteed.

I.4. Easy to activate and free of charge

ARPs can take part in a pooling agreement entirely free of charge. Taking part is very easy – all that an ARP needs to do is to sign annex 7 of the ARP Contract.

II. Benefits of the pooling agreement

The market players derive a number of benefits from the pooling agreement:

- the ARP can limit the financial risks involved in managing its imbalance;
- becoming an ARP is made easier for market players wishing to operate on the Belgian market and for industrial grid users;
- subsidiaries of a single company can independently manage their individual balance by each becoming their own ARP, without any increase in the overall bill for the group;
- the pooling agreement is a service that is provided free of charge and that is easy to use. It can be activated by just signing annex 7 of the ARP Contract;
- the confidentiality of information (other than the individual imbalances of each member of the pool) is guaranteed.

III. Legal and contractual basis

Those parties that want to take part in a pooling agreement must submit to Elia annex 7 of the ARP Contract signed by each of the parties and indicate which ARP in the pool will receive the overall imbalance bills.

Each of the signatories must have also concluded an ARP contract with Elia.

Pooling agreement in 5 key points

- The pooling agreement enables a number of ARPs to combine their individual imbalances. Their imbalances are offset against each other, thus leading to a lower overall imbalance bill.
- One of the ARPs taking part in the pooling agreement is designated as the recipient of the overall bill. Elia informs the designated ARP of the ARPs' individual imbalances.
- The ARPs in the pool agree amongst themselves how to divide up the overall bill. This is not part of the pooling agreement concluded with Elia.
- The confidentiality of all information (other than the individual imbalances of each of the ARPs) is guaranteed.
- The pooling agreement is free of charge and easy to activate. This means that the market players can more easily take on the role of ARP.

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