CONSULTATION REPORT

Public consultation on Terms and Conditions for balancing service providers for automatic Frequency Restoration Reserve (aFRR).

23 April 2020

NON-CONFIDENTIAL VERSION

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1. Introduction

Between 3 March and 3 April 2020, Elia organized a public consultation on its new proposal for Terms and Conditions for balancing service providers for automatic Frequency Restoration Reserve (aFRR) (hereafter referred to as "T&C BSP aFRR")[1]. The consultation aimed to receive feedback from the stakeholders on the new proposal in response to the amendments to the version submitted by Elia to the CREG in June 2018 and in preparation of the implementation of a new design for the aFRR balancing service.

The T&C BSP aFRR are developed pursuant to article 18 of Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (hereafter referred to as "EBGL"). The T&C BSP aFRR include the Balancing service provider Contract for the mFRR Service (hereafter referred to as "BSP contract aFRR").

Elia received 6 non-confidential answers to the public consultation from the following parties:

- Centrica Business Solutions, hereafter CBS
- Febeg
- Febeliec
- Flexcity
- Next Kraftwerke
- RWE Supply & Trading, hereafter referred to as "RWEST"

In addition, Elia received 3 confidential answers to the public consultation.

This consultation report contains the overview of the non-confidential feedback from the stakeholders, and the answers of Elia thereon. For the full responses of the stakeholders Elia refers to the individual feedback responses. The consultation report follows the same structure as the T&C BSP aFRR.

The response from Elia to the comments of the stakeholders clearly mentions whether or not Elia modified its proposal of the T&C BSP aFRR following the consultation feedback. In addition, Elia updated the T&C BSP aFRR throughout to clarify formulations.

Below, the summary of the modifications to the T&C BSP aFRR[2] in response to the consultation feedback.

[1] Consultation webpage: https://www.elia.be/en/public-consultation/20200303_public-consultation-on-terms-and-conditions-for-balancing-service-providers

[2] A final version of the T&C BSP aFRR with track changes is also available on the consultation webpage.

Article 2	Elia changes the entry into force of this contract and adds that it is foreseen between the 1st of July 2020 and the 1st of October 2020.
Art. I.12.5	Elia updates the numbering
Art II.1	Elia updates the definitions of aFRRmax,down DPaFRR,max,down and DPaFRR,CB,up
Art II.5.3	Elia updates the footnote
Art II.11.13	Elia clarifies that this article is only applicable for “contracted volume”
Art II.14.4	Elia clarifies that when an aFRR energy bid is submitted to an availability test, the total offered volume of the concerned aFRR energy bid is made unavailable for activation.
Art II.17.8	Elia updates this article with the correct references.
Annex 5.B & Annex 5.C	Elia introduces an additional tolerance for the quality of the baseline smaller than 1MW.
Annex 6	Elia updates the annex regarding the determination and communication of the prequalification pattern
Annex 6.B	Elia corrects that the “Full aFRR power Phase in the downward direction” is the fourth quarter-hour.
Annex 6.D	The formula in (1) is aligned with the text replacing maximum by minimum
Annex 6.D	Elia adds the exclusion of the two lowest (highest) values for the determination of the aFRRmax,up (aFRRmax,down).
Annex 7.C	Elia clarifies how the maximum increment should be respected for one aFRR capacity product in case of capacity bids combining a volume in the upward and downward direction.
Annex 7.E	Elia adds a footnote to clarify that an extended deadline applies for the submission of aFRR energy bids in case of the application of a fall back procedure for the “per CCTU” auction.
Annex 7.F	The volume of the “per CCTU” auction that can increase (or decrease) with a maximum of 2MW per day has been updated to 4MW per day.
Annex 11.B	Elia clarifies that the availability test related to Delivery Points DP_{SU} is performed taking into account the operating mode, as declared in the last valid Daily Schedule.
Annex 11.B & annex 11.F	Elia clarifies that the start time of the availability test is communicated altogether with the trigger signal.
Annex 11.E	Elia adds the exclusion of the 2 largest deviations for the determination of the aFRR missing MW.

All relevant, non-confidential information on this consultation is available on the consultation webpage[1]. Elia has submitted the final proposal of the T&C BSP aFRR together with the confidential and non-confidential consultation feedback and the consultation report to the CREG in line with EBGL requirements.

Related to the T&C BSP aFRR and relevant for the implementation of the new design Elia also organized two other public consultations. The non-confidential consultation feedback and reports are (or will be) published on the concerned Elia website consultation pages.

- Public consultation of general conditions for balancing services (T&C FCR, T&C aFRR, T&C mFRR), restoration services (T&C RSP), voltage and reactive power services (T&C VSP), and services related to congestion management (T&C OPA, T&C SA) organized from 16 September to 16 October 2019[3] , including "Part I – General Conditions" of the T&C BSP aFRR and subject to a separate consultation as applicable to the T&C of all ancillary services.
- Public consultation on the Market functioning rules for the compensation of quarter-hour imbalances ("Balancing Rules") organized from 26 March to 24 April 2020[4].

[3] Consultation webpage: https://www.elia.be/en/public-consultation/20190916_public-consultation-of-general-conditions-for-balancing-services-t-c-fcr-t-c-afrr-t-c

[4] Consultation webpage : https://www.elia.be/en/public-consultation/20200326_public-consultation-on-the-market-functioning-rules-for-the-compensation

2. Regarding T&C BSP aFRR

2.1. Whereas

	Febeliec feedback	Elia response
	In the whereas, DSOs are mentioned several times. It would be good to clarify explicitly whether or not CDSOs are also to be considered as DSOs, as could be inferred from the European legislation referred to.	A whereas section has the objective of providing information about the scope in which the proposition is situated. In this section, DSOs are only mentioned as part of the citation of the relevant articles of the EBGL (copy paste of article 18(3) and 18(5) of the EBGL), and as such this reference cannot be changed. Whether CDSOs are also to be considered as DSOs has been defined in article 38 of the Electricity Directive (EU) 2019/944. Please note that in the contractual part of the T&C BSP aFRR, both a CDS Operator or "CDSO" and a Public Distribution System Operator or "DSO" have been defined and as such the distinction between both has been made.

2.2. Amendments

	Next Kraftwerke feedback	Elia response
	More Freedom for Elia to Adapt the Contractual Framework Flexibly. Next Kraftwerke would be happy if CREG and Elia can evaluate in how far it would be possible to give Elia freedom in adjusting certain rules of this contracts with very short notice of e.g. 2 weeks in order to allow an adaptation to market developments or market behaviour of the different players. Next Kraftwerke would have full trust that Elia would always manoeuvre carefully within such freedom making sure that a high service quality is reached, that there is fair competition and that technology neutrality of	The legal framework to modify an approved version of the T&C BSP aFRR is indeed a process that consists of several formal steps and might take a few months. Considering the heaviness of the formal process and in order to limit the need of future changes to the extent possible, Elia has consulted upon the new design several times and explained it during WG Balancing meetings and dedicated workshops before launching the formal consultation of the T&C BSP aFRR. Consequently, market parties have had the possibility to provide as much input as possible

	assets is maintained and that neither pools or larger assets would be discriminated against. We think that it might e.g. be an option to refrain from fixing specific parameters in the legal framework itself and rather integrated these into some additional general terms and conditions that can be unilaterally changed by Elia. • See consultation feedback of Next Kraftwerke for full comment.	before the implementation of the new design. Elia agrees that it may sometimes be preferable not to define specific parameters in the T&C; that is why the technical elements are integrated into separate documents. Nevertheless, a balance has to be found – together with the CREG – about the appropriate level of detail since also the legal certainty has to be provided. We believe that in the current T&Cs, such a balance has been achieved.
Annex 13	**Next Kraftwerke feedback** The penalties too severe in general. In general the penalties are too severe to allow dynamic market development. We believe to understand the reason for this approach which is that Elia can only make adjustment after a lengthy consultation and approval process. For this reason, Elia opts for a severe penalty system as a starting point. As aforementioned we therefore ask to give Elia the freedom to adjust the penalty scheme in consultation with the CREG but without public consultation allowing an adjustment within a period of maximum two weeks.	

2.3. Implementation

2.3.1. Go-live aFRR

	RWEST feedback	**Elia response**
	Given the current circumstances and the developing situation in light of the corona crisis we would like to focus our response on the urgent need to postpone the go-live of the new aFRR design. In accordance with the proposal, Elia has set the 1 July 2020 as the target date for the entry into	Given the extraordinary situation due to the Corona crisis, Elia has duly taken into account these remarks and has taken the necessary actions to be able to postpone the entry into force if necessary. With the aim of getting the necessary flexibility to define at a later stage the actual date of go-live

	force of the new aFRR design which was based on the expected finalization of the regulatory framework in the course of 2019. While already under normal circumstances, the delay of the finalization of the aFRR framework is posing challenges to the implementation for balancing service providers, the current situation makes compliance with a new, yet unknown, regulatory framework within three months literally impossible. Although some preparations may be able to be completed, BSPs are still waiting to receive the technical specifications' documents describing the messages to be exchanged with Elia's systems. We therefore want to highlight that even in normal circumstances, but now in light of the corona crisis even more so, the time for implementation following the publication of the regulatory framework as well as the technical specifications will be too short and thus impossible to be accomplished. Unfortunately, it is, today, not possible to say when would be a good point in time for the new aFRR design to take effect. We thus recommend to postpone the go-live and to set a new target date in a later stage, once the regulatory framework as well as the final technical requirements are known and an end to the restrictions imposed with regards to the corona crisis has been announced.	within a reasonable time window, Elia has amended the provisions regarding the implementation plan in the T&Cs that have been submitted to CREG. An entry into force between July 1st, 2020 and at the latest by October 1st, 2020 has been integrated in article 2 of the T&C BSP aFRR. This time window, takes into account the extraordinary situation of the Covid-19, its impact on all relevant parties (e.g. difficulties arise to perform tests on site) and the summer holiday period. Elia has also contacted the BSPs who are already delivering the service today, as well as the BSPs that are willing to participate from the launch of the new aFRR design in order to have more clarity on the readiness an expected available volumes for the 1st of July. At the time of finalisation of tis consultation report, Elia is assessing the feedback from the BSPs and the status of the necessary IT developments, and is initiating a dialog with CREG in order to decide on the appropriate go-live date within the proposed time-window and aiming at providing clarity to market parties as soon as possible. With regards to the comment on the availability of the technical documents, Elia notices that all the technical documents enabling BSPs to prepare to participate to the service have been released and shared with the BSP in the period from the end of January and the 10th of April 2020.
	FEBEG feedback Elia has set the 1st of July, 2020 as the target date for the entry into force of the new aFRR design. During the meeting of the Elia WG 'Balancing' on the 20th of March, 2020 Elia announced that it would re-evaluate the go-live date for the new	

	aFRR design with CREG: due to the Corona crisis, Elia has to tackle new priorities while availability of resources and staff risks to be limited which both could have an impact on the development trajectory for the new aFRR design. In this respect, Elia also engaged itself to involve with stakeholders to check readiness at their side. The option of delaying the entry into force of the new aFRR design is meanwhile also confirmed by the approach in the Elia consultation on the balancing rules: Elia is consulting on a version of the balancing rules adapted to the new aFRR design and a version of the balancing rules without these adaptions. In this context, FEBEG would like to inform Elia that the go-live of the new aFRR design needs to be postponed for the following reasons: - Delay in finalization new aFRR design - Corona crisis For the abovementioned reasons, there's a substantial risk that some BSP's will not be able to timely implement the new aFRR design by the 1st of July, 2020: some BSP's will, hence, not be able to deliver the aFRR product which will impact the quality of the aFRR service. FEBEG, therefore, proposes to postpone the go-live of the new aFRR design and to set a new target date in later stage: BSP's can only assess the feasibility of a new target date when (1) they have been able to assess the final regulatory framework as well as the final technical requirements and (2) they have more clarity on the further evolution of the Corona crisis and related lock down or other measures. • see consultation feedback of FEBEG for full comment.	

2.3.2. Technical guides and demo platform

Flexcity feedback	Elia response
Implementation complexity and ELIA support Flexcity would like to emphasize that, in order to be ready before July 2020, it is crucial that ELIA provides as much support as possible. As a positive example, we would like to refer to the technical specifications which have been shared by ELIA. We would also like to ask to foresee as soon as possible different demo platforms and tools to test the communication requirements.	Elia confirms that support will be provided to all BSPs. The demo platforms (STAR & BMAP) are currently being prepared and will be available by end of April. The BSPs will be informed by e-mail of their release.

CBS feedback	Elia response
On a more technical note, CBS welcomes Elias announcement during the WG BAL of 20 March 2020 of a one-year transition period related to the final technical requirements, starting at the go-live of aFRR design. During this transition period, the connection via a central platform remains allowed. CBS also notes that while the meeting minutes indicate the go-live of 1st July is on track, Elia and market parties remain cautious regarding the currently unclear coronavirus situation. In case of a delayed go-live, it should be clear that the transition period is shifted accordingly. CBS furthermore asks Elia to confirm that the final technical requirements only apply to high and medium voltage assets. Indeed, as repeatedly noted and given the significant impact on market parties, discussions on final technical requirements for residential and IoT assets still need to be initiated, before any decision can be reached on this matter.	At the moment, Elia is still assessing the go-live date (cf.2.3.1). In case a delay should occur, based either on non-readiness of Elia, or on non-readiness of the BSPs, Elia will inform the BSPs regarding the possibility to shift the transition period. Elia can only define the communication requirements at the level of the Delivery Points connected to the Elia grid. The DSOs are responsible for setting the communication requirements for delivery points connected to public distribution grids. However, Elia is coordinating closely with the DSOs regarding these topics. In addition, the BSP-DSO contract for aFRR is only allowing participation of the delivery points connected to medium voltage.

CONFIDENTIAL FEEDBACK

2.3.3. Transfer of Energy

Febeliec feedback On Transfer of Energy, Febeliec has understood that this will not be introduced at this point for aFRR based on priorities, but wonders whether this will be done at a later stage, after for example the introduction of Transfer of Energy in the Day-Ahead and Intraday markets, or whether Elia does not at all foresee such evolution.	**Elia response** As announced during the working group balancing of end 2019 and begin 2020 Elia foresees the following actions regarding the development of Transfer of Energy (hereafter ToE): • Implementation of ToE in the Day-ahead and the Intraday market for entry into force around 9 months after entry into force of the aFRR new design. • A re-assessment of ToE for the aFRR market segment is foreseen by maximum one year after the entry into force of the new aFRR design. Elia could reconsider to shorten the maximum time period after the go live for the re-assessment to a few months after the go-live depending on the success of DPpg to deliver the aFRR services or in case of sufficient proof that ToE would attract an significant amount of additional volumes. This re-assessment will be done in concertation with stakeholders and will aim at identifying whether there is additional volume ready to participate to the aFRR services but that needs the implementation of the ToE. • Regarding the question relative to a possible solution other than ToE: Elia reminds that, based on very positive input from stakeholders, Elia developed the “Pass Through Regime” that will be applicable as from the entry into force of the new aFRR design. This regime allows the participation of Delivery Points with a Pass Through
CBS feedback CBS points out that the lack of ToE regime for assets without pass-through contracts constitutes a real blocker, as the opt-out route has proven to be not workable as only alternative. CBS has indeed identified concrete cases of assets eligible to aFRR, but that will not be allowed until a ToE solution is implemented for them. Therefore, CBS asks Elia to reconsider a possible solution to allow for all assets to take part to aFRR as soon as possible and at latest from 2021, even in the absence of ToE regime available.	

	supply contract to participate without the consent of their BRP and supplier. This regime was strongly supported by all stakeholders because, according to their feedback, most of the Delivery Points identified as capable to provide aFRR where covered by such a Pass Through supply contract.

3. Regarding Part I – General Conditions

3.1. Liability cap

	Febeliec feedback	Elia response
	On the General Conditions, Febeliec refers to its comments on the consultation on these general conditions by Elia. In the framework of aFRR (and balancing in more general), Febeliec takes note of the liability cap of €12,5 million per year and per party, which seems high but in light of the possible €13.500/MWh for imbalances (and even possible higher caps in the future, as currently being discussed), this might not prove sufficient and could leave the consumers exposed to large excess liabilities. Febeliec would like to ask Elia and CREG to justify the proposed amount, but also to indicate which procedure will be used to revise this cap in the future in light of any evolutions. Febeliec also noted that a point I.12.5 is listed, without content however.	Article I.6.4 about the caps is an article in the General conditions. Please note that the General Conditions have been subject to a separate public consultation given that these will apply for all Terms and Conditions. Consequently, the articles of the General conditions were not open to comments anymore, but only elements where it would be necessary to deviate in Part II (Specific Conditions) from one or more articles of the General conditions of Part I given the specific context of the contract concerned, could still be addressed. The comment about the height of the cap is a comment that is not specific to the aFRR product, but applies for all balancing services. As such a deviation from this general article I.6.4 in the Specific Conditions is not appropriate. Please note that the procedure to be used to revise this cap in the future in light of any evolutions will be the normal procedure to modify the general conditions. This procedure can be launched in accordance to article 6 of the EBGL and will be subject to a public consultation before requesting approval of the request for amendment to the T&Cs to the CREG. The numbering of article I.12.5 is updated.

4. Regarding Part II - Specific Conditions

4.1. General feedback on New aFRR design

CONFIDENTIAL FEEDBACK

4.2. Definitions

Art II.1	**Febeliec feedback** On the definitions, Febeliec wonders whether the BSP-DSO contract is also applicable to CDSOs, as it is listed as “an agreement between the BSP and DSO”. Febeliec also refers to its comment on the whereas on CDSOs. This comment is even more critical as the definition for the Public Distribution System Operator mentions “or “DSO”, leading to even more confusion.	**Elia response** As mentioned in the respective definitions (Art. II.1), "DSO" is the acronym related to system operator of public distribution grid while "CDSO" designates closed distribution system operator. With those definitions in mind, the BSP-DSO contract is in consequence only applicable for Delivery Points connected to the Public Distribution Grid, not for Delivery Points connected within a CDS.
Art II.1	**Febeliec feedback** On the definition of DPaFRR,max,down, Febeliec understands that is referred to “the minimum aFRR Power”, which can lead to confusion in combination with the name.	**Elia response** The definition has been adapted to avoid confusion.
Art II.1	**FEBEG feedback** P20. aFRRmax,down : as this value is negative, the “maximal volume” should be in absolute value	**Elia response** The definition has been adapted accordingly.
Art II.1	**FEBEG feedback** P22. DPaFRR,cb,up : why is it “defined by Time Step”, as it is relevant for participation to capacity auctions?	**Elia response** Elia confirms that this value is not defined per Time Step. The definition has been adapted accordingly.

4.3. Conditions for BSPs

4.3.1. General

Art II.3.6	**Febeliec feedback** On point II.3.6 (and all related), Febeliec wonders why all delivery points that do not have a CIPU contract are excluded; Febeliec does understand that for those with a CIPU contract, this CIPU contract has to be valid, but it is unclear what applies to units without CIPU contract, and if they can only be used in a pool-setting, even though they might be able to deliver the service on an individual basis (so not in combination with other delivery points).	**Elia response** This article is an additional condition for Delivery Points DP_SU during the transition period foreseen in Art. 377 of the Federal Grid Code. Delivery Points DP_PG can be included in the BSP Contract aFRR of any BSP.
Art II.3.11	**FEBEG feedback** P28. (II.3.11) DPaFRR,cb, up/down : the determination of these values is not explicit in Annex 6	**Elia response** As stated in article II.3.11, the DPaFRR,cb,up/down is equal to the result of the prequalification test which, for DPsu, is done at DPsu level. The result of the prequalification is defined in Annex 6.D.
Annex 2.B	**FEBEG feedback** Annex 2.B. It should be possible for a Grid User to participate with several BSPs at the same time, with different lists of DP.	**Elia response** In case of Delivery Points DP_PG, ELIA would like to clarify that a Grid User can participate with several BSPs on the condition that the Grid User has signed a Grid User Declaration with each BSP and that one Delivery Point can only be included in one Grid User Declaration.
Annex 2.B	**CBS feedback** CBS asks Elia whether the mention of the supplier in the 4th bullet of the grid user declaration template on p47 is relevant, as the supplier contract should not foresee any reason to forbid a consumer to engage with a BSP.	**Elia response** Elia needs to have the confirmation by the grid user that it will be able to participate to the aFRR Service. Therefore, the grid user should not have any impediments imposed by any third party and the Grid User should confirm this to Elia**.**
Annex 2.B	**Next Kraftwerke feedback** The fifth bullet in the GUD template requires an explicit validity end date. It would create an	**Elia response** The BSP and the Grid User can freely choose the validity end date, i.e. ELIA does not impose

	administrative burden to update the GUD every time a client prolongs his BSP contract. Also, since the grid user can at any time overrule the GUD with another GUD (sixth bullet), an explicit end date seems obsolete.	a limitation on the validity period. The extent of the administrative burden is thus determined by the BSP and the Grid User.
	CBS feedback	**Elia response**
	Looking at all the validation steps to be achieved, the overall lead time to enter the market with a given delivery point looks very long: CBS asks Elia to consider whether some of the steps could be undertaken in parallel in order to shorten this lead time.	Elia would like to clarify that there is a lead time of maximum 5 working days to include a new delivery point within the pool of the BSP once the delivery point is compliant with all conditions of Art. II.3. As of the moment of its registration in the pool, the delivery point can be used to deliver the aFRR Service. In case the BSP would like to increase its aFRRmax,up/aFRRmax,down thanks to this delivery point, he will have to proceed to a baseline test and a prequalification test. In that case, Elia has foreseen maximal delay for each test. As clearly specified in the BSP Contract aFRR, these are maximal delays, to grant confidence to the BSP that his request will be treated in due times. As always, Elia will make best effort, taking request of all BSPs into account, to answer the request of each BSP promptly.

4.3.2. Private measurement requirements and commissioning test

Art II. 3.7	**Next Kraftwerke feedback**	**Elia response**
	II.3.7. A private measurement commissioning test is required, and Elia refers to Annex 2 for details. Annex 2 however only elaborates on the administration involved. It only mentions that Elia and the BSP will agree on a date for the test, but not how such a test would work.	The private measurement commissioning test aims to check the compliance of the measurement and the communication requirements, in accordance with Annex 2.A. For the private measurement commissioning test, a Private Measurement Technical Info Checklist must be provided by the BSP and Elia will check

	Please clarify the process of private measurement commissioning test if such test is indeed applicable.	the reception and correctness of the data exchange.
	CBS feedback	**Elia response**
	As expressed in the consultation phase around the design note, CBS renews its ask not to apply the same stringent requirements than for mFRR and urgently calls for TSOs/DSOs engagement to allow for a more pragmatic approach on this topic if they really want more assets and MW to enter the market. We do notice that the aFRR T&Cs show even stricter requirements, as the specific cases for CDSO meters and flexibility for meters installed before 2015 have been removed. CBS points out that this submetering issue constitutes a real blocker as of today, already in mFRR, and that adapting the same approach in aFRR will leave out of the market number of eligible MWs, especially on sites with lower amounts of flexibility available than the large industrial assets. While CBS understands the need for precise measurement of the aFRR quantities provided, CBS recalls that allowing easier use of existing submeters will highly increase the accuracy of the aFFR supplied: indeed, in case of too strict accuracy requirements, BSPs will have no choice but to use the headmeter for settlement purposes, with a baseline much less accurate given the “pollution” coming from other assets	The technical requirements for private measurement devices for aFRR are aligned with the technical requirement for metering devices for the mFRR service since mFRR and aFRR are both energy products and since both mFRR and aFRR will (or can have in the future) Transfer of Energy. The metering requirements are set on a non-discriminatory manner for all BSPs. The requirements for aFRR for the CDSO are described in section 4 of the document “technical requirements for private measurement devices” [5] . The requirements for mFRR are described in the “General technical requirements for submetering solutions”[6].

[5] https://www.elia.be/-/media/project/elia/elia-site/electricity-market/system-services/how-to-become-provider-documents-technical/technical-requirements-for-private-measurement-devices-final.pdf
[6] https://www.elia.be/-/media/project/elia/elia-site/electricity-market/system-services/how-to-become-provider-documents-technical/general_technical_requirements_submetering_cse_update-2019.pdf

	aside the flexible one. Imposing too stringent accuracy requirements on submeters will therefore lead to the paradoxical situation where: - available flexibility will not be brought to the market at all - or BSPs use a solution (headmeter + wipe-out effect) which actually has a much lower global accuracy than allowing submeters with reasonable accuracy requirements	

4.3.3. Assets with Limited Energy reservoirs

Art II.3.14	**FEBEG feedback** Assets with Limited Energy Reservoir. No information is given on the conditions of participation for assets with Limited Energy Reservoir (except that the imbalance market is not considered as valid Energy Management Strategy), e.g. that the Energy Management Strategy should be submitted during prequalification and approved by Elia,…	**Elia response** The new aFRR design is technology neutral and allows all types of assets to participate at the aFRR services. For energy-limited Delivery Points, as specified in art II.3.14 of the T&C BSP aFRR, there is no derogation foreseen for the participation meaning that these delivery points need to comply with all requirements determined in the aFRR contract. Elia would like to underline that there are no specific requirements for delivery points with limited energy reservoirs for aFRR in SOGL as there are specified for FCR in art 156 (9) of SOGL.
	CBS feedback CBS notices that the proposed T&Cs do not propose at this stage a detailed framework regarding the energy management for limited energy reservoir assets. As this will however be a key feature for the good participation of such assets in aFRR, CBS asks Elia to open discussions as soon as possible to start defining a minimal set of rules in this matter.	

4.3.4. Combinability conditions

Art II.5	**Febeliec feedback** Febeliec refers to its previous comment on the impossibility to combine delivery of aFRR and mFRR from a same delivery point (unless it has	**Elia response** Elia applies as general principle that only one BSP can be active on a specific delivery point. The necessity of this rule has been

	the same BSP) and reiterates its request to review this approach and release this constraint. Febeliec does also not agree on the exclusivity of participation to balancing and strategic reserve, as already indicated several times in the past. Febeliec also does not understand the need for the limitation of combinability with any other balancing service if "any other delivery point, upstream or downstream of the delivery point supplying aFRR service", as this might impose too stringent and undue limitations which can hamper participation and thus liquidity and in fine increase the cost for consumers. Febeliec proposes Elia to reformulate this point in case there would be a valid reason for introducing this limitation and provide a clear justification for it. In any case, Febeliec strongly wants to avoid that this point would hamper the functioning of industrial sites or CDSs and the free choice of supplier/BRP/BSP/...	demonstrated in the study "ToE in DA/ID" performed in 2019. Besides that, Elia reminds that sub-metering solutions have been put in place in order to allow several independent BSPs on a same industrial site. Strategic reserves must be by definition out of the market. A tender for strategic reserve only involves the volume of strategic reserves. In this specific case, we would withdraw the resources from the Ancillary Services market in order to place them in the strategic reserve, leaving the shortage at system level. A unit that has therefore recently participated in Ancillary Services cannot be considered outside the market since there is no known reason why it should not be able to do so again in the future. Elia would like to clarify that this is not an additional constraint. This sentence only refers to the principle that no cascade is permitted between two (or more) delivery points to avoid that one delivery point has an influence on the other one. In other words, all delivery points should be defined at the same level. Elia has clarified this in a footnote.

4.4. Prequalification

4.4.1. General

Annex 6.B	**FEBEG feedback** "Full aFRR Power phase in the downward direction (fifth quarter-hour)": it should be the fourth quarter-hour	**Elia response** The sentence has been corrected.
Annex 6.D	**FEBEG feedback** Annex 6.D: For the determination of aFRRmax,up, the formula in (1) should be aligned with the text (max instead of min).	**Elia response** The sentence has been corrected.

4.4.2. Time window (Annex 6A)

Annex 6.A	**FEBEG feedback** Time window for prequalification test: to reduce the costs for prequalification and facilitate the entry of assets based on renewable energy, the time window should be reduced to one CCTU, agreed upon in day-ahead (e.g. based on wind forecast). In case Elia would maintain the time window of 24 hrs, we ask that Elia warns the BSP 1 hour before the test in order to reduce the costs of the test (derating costs).	**Elia response** Elia acknowledges the concern of the BSP. As mentioned in Annex 6.A of the T&C BSP aFRR, the BSP and Elia agree on a time window of 24 hour during which Elia can trigger the prequalification test. The BSP in coordination with Elia as such can already select a day when already a lot of primary energy is forecasted. In case a BSP wants to prequalify during a specific CCTU, this has also as consequence that the BSP is only allowed to submit that prequalified volume during this specific CCTU. Since a more detailed analysis is required for the implementation of a prequalification time window of 4-hours, a timely implementation of this change is not possible for the foreseen go-live of aFRR. Elia will further analyse the design and the implementation of this design in the framework of next changes to the aFRR design
Annex 6.A	**Next Kraftwerke feedback** Any asset that is to be prequalified for aFRR needs to be available for 24 hours straight in the prequalification test. However, assets like CHPs who want to participate in 4h blocks cannot easily be available for 24 hours, since they ○ are not able to dump all their heat, causing the CHP to shut down (problem for prequalifying down-ward reserve), or ○ need to produce heat to ensure the continuity of their processes, requiring the CHP to run at full power (problem for prequalifying upward reserve). Next Kraftwerke proposed to the Prequalification test is a shorter time window. E.g. 4 hours, like the minimum auction period.	

4.4.3. Fixed pattern

Annex 6.B	**FEBEG feedback** The pattern for the follow-up phase of the prequalification test should be fixed for a long	**Elia response** Elia acknowledges the concern of the BSP and agrees for fixing one test pattern for a long

	period instead of communicated when the date of the prequalification test is fixed.	period. Elia has adapted the T&C BSP aFRR accordingly.

4.5. Capacity tender

4.5.1. General

	Febeliec feedback	Elia response
	In general, on the new aFRR design, Febeliec understands, as already indicated in an earlier phase, that Elia tries to break the chicken-and-egg deadlock for new entrants and new technologies. However, Febeliec strongly insists on the need to avoid a cost increase for the reservation of balancing capacity for this purpose. Febeliec understands the reasoning behind Elia's proposal that is now being consulted and will be sent to the regulator for approval. The proposed two-step approach seems to strive towards a compromise, allowing for the development of new entrants (with a cost increase for consumers as a 20% uplift in prices for selection is allowed in the second step, potentially leading to suboptimal solutions from a total cost perspective). Febeliec remains principally opposed towards such cost increase, and insists that if the regulator would nevertheless approve the Elia proposal, this must only be allowed insofar the potential for cost increases is clearly limited and closely monitored, in order to minimize the negative (cost) impact for consumers. As such, Febeliec strongly urges that shifting volumes towards the second step in the proposed aFRR is only done insofar the aFRR market succeeds in materializing the required volumes at a competitive price level. Febeliec also urges for a bidirectional system, allowing for required	The two step approach is seen as a good compromise for allowing the development of new entrants while ensuring that the potential cost increase for the reservation of balancing capacity remains limited. The volume allocation rules ensure that additional volume is only transferred to the "per CCTU" auction in case this auction is competitive and cost efficient. Elia confirms that the volume allocation are bidirectional meaning that the volume in the "per CCTU" auction can be increased or decreased. Elia is of the opinion that a minimum volume of 10MW in the "per CCTU" auction at any cost is a reasonable outcome of the discussions with all stakeholders during the design phase for allowing new technologies to participate at the aFRR services while ensuring that the total cost of the capacity auction ("per CCTU" and "all CCTU") remains within the acceptable limits. The market shall be closely followed up and a revision of the proposed design needs to be considered if it appears that bidding behaviour is blocking an efficient market functioning. At least a re-evaluation needs to be done after one year after entry into force.

	volumes to be shifted back to the first step in case the second step would not or no longer lead to the presumed and desired outcome. As already indicated before, Febeliec remains concerned about the minimum threshold volume of capacity to be acquired under the second step, as this volume could need to be acquired at a very high cost, and urges Elia and CREG to monitor this very closely and propose mitigating measures or revert to a different approach in case the proposed approach would lead to substantial cost increases. In any case, Febeliec hopes that the proposed approach will foster more competition through more liquidity if new entrants and new capacity finds its way to the aFRR product, thus reducing the cost for consumers. Moreover, Febeliec also hopes that the proposed approach will not be prone to speculative bidding behaviour and in any case asks both Elia and the CREG to follow this up very closely and take the necessary measures in case such behaviour would be observed.	
Annex 7	**Febeliec feedback** On annex 7, Febeliec refers on its general comments on the two step approach. Febeliec in any case strongly urges for a total cost optimization approach, in order to limit the total cost for consumers.	**Elia response** Elia wants to underline that the long term vision is a merit order selection with 4-hour blocks in the upward and downward direction separately. However, Elia agrees with Febeliec that the transition towards this long term vision should be done in a cost efficient way. This long term vision is aligned with article 32(3) of EBGL for the obligation to purchase separately upward and downward balancing capacity for aFRR. Elia has been granted an exemption for this requirement by the CREG in the decision (B)1879 of 18 December 2018. The exemption has been granted until 15 December 2021.

4.5.2. Volume repartition rules

Based on the discussions with the CREG in the framework of the consultation of the T&C BSP aFRR, the maximum volume increase or decrease of the “per CCTU” auction has been updated to 4MW per day (instead of 2MW per day) in order to make the volume reparation rules, as described in annex 7.F of the T&C BSP aFRR, more dynamic and to react quicker to sudden changes in the availability of assets providing aFRR services.

4.5.3. Bidding obligations

Annex 7.C	**FEBEG feedback** Bidding obligations for the “per-CCTU” capacity auction Obligation 2 : minimum offered volume : the total offered volume should not be larger than the volume to be procured in these auctions	**Elia response** All non-awarded volume of the “all CCTU” auction needs to be offered to the “per CCTU” auction in order to ensure the well-functioning of the volume repartition rules between “all CCTU” and “per CCTU” auctions as described in annex 7.F of the T&C BSP aFRR. The well-functioning of the volume repartition can only be guaranteed if sufficient volume with a bid price below the reference price participates in the “per CCTU” auction. In order to enhance the probability of a sufficient volume in the “per CCTU” auction, the obligation to offer non-awarded volume of the “all CCTU” auction to the “per CCTU” auction was included in the design.
Annex 7.C	**FEBEG feedback** Bidding obligations for the “all-CCTU” capacity auction The rules of the smallest offered volume (5 MW) and maximum step between 2 offered volumes (5 MW) leads to submit 440 bids in case a BSP wishes to offer 100 MW up and down, or 783 bids for 135 MW up and down. Taking into account the bids of all BSPs, is this large number of bids manageable by STAR and the selection algorithm in the short timespan between GCT and the publication of the results ?	**Elia response** The performance will be assessed during stress tests before the go-live. In case of failure, the necessary measures will be taken to increase the performance to ensure a well-functioning system.

Annex 7.C	**CBS feedback** Bidding obligations for 2 auctions “all CCTU and per CCTU” CBS points out that the obligation stated in the bidding rules to offer in the “per CCTU” auction at least the remaining volume offered but non selected in the “all CCTU” could lead to problematic cases. CBS therefore asks Elia to adjust this obligation to ensure no volume is unduly rejected from the “per CCTU auction”: indeed, the available volume of a BSP might be lower in D-1 than it was in D-2, especially for aggregated pools, therefore requiring the BSP to offer less volume in this “per CCTU” auction than it did in the “all CCTU” auction in D-2. This should not be considered as a blocker and a parameter that would automatically reject the bid on the submission platform.	**Elia response** This rule is put in place to ensure that sufficient volume is available in all 4-hour blocks of the day for the "per CCTU" auction. Not having sufficient volumes in the "per CCTU" auction will have a detrimental effect for the volume increase for the "per CCTU" auction. The volume offered on D-2 for the “all CCTU” capacity tender is assumed to be available for the aFRR services on day D. Elia does not see a clear reason why the non-awarded volume would not be available for offering on D-1 for the “per CCTU” auction. Moreover, the capacity tender is per BSP making it impossible to differentiate whether the offered volumes will be delivered by DP_{SU} or DP_{PG}.
Annex 7.C	**Next Kraftwerke feedback** The explanation given ”in other words” is not strict enough. When taken literally, also the following example satisfies the bidding obligation BID number | aFRR UP offered | AFRR DOWN offered 1 | 5 | 5 2 | 50 | 50 3 | 100 | 100 It is not clear how in table 3, capacity bids 11 and 15 would not satisfy this requirement (as is stated in the caption above table 3).	**Elia response** Elia has adapted the explanation in bidding obligation 2 to clarify it.

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4.5.4. Fall back procedure

Annex 7.E	**Next Kraftwerke feedback**	**Elia response**
	Please clarify that the additional auction will only be carried out for a) the CCTUs in which volume was missing and b) only for the volume missing, while the previous auction results of selected volume re-main valid. Or will the entire auction be repeated? Or will the auction only be repeated for those CCTUs with insufficient volume but for these for the entire volume?	In case of insufficient volumes in one “per-CCTU” capacity auction, ELIA awards all validated aFRR Capacity Bids submitted for the concerned capacity auction and organizes a second “per-CCTU” capacity auction for the remaining volume and for the concerned CCTU (refer to annex 7.B and annex 7.E).

4.6. Transfer of Obligation

Annex 8	**FEBEG feedback**	**Elia response**
	Transfer of Obligation: We think that nominating on SMART in the intraday scope will no longer require to identify the assets in SMART and match the volumes with the concerned capacities.	Elia confirms that the transfer of obligation as registered in SMART will not require to identify the delivery points. This information will be required in BMAP when updating the aFRR energy bids in consequence of the transfer of obligation.

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4.7. Submission of aFRR Energy Bids

Art II.11.1	**FEBEG feedback**	**Elia response**
	Can Elia confirm and clarify in the text that energy bids relative to non-contracted volume may be submitted after D-1 at 15h and until aFRR Balancing GCT ?	Elia confirms that the same rule applies for submission of contracted and non-contracted aFRR energy bids. They can be submitted and updated, at any time, until aFRR GCT.
	In case of fallback procedure for the “per-CCTU” capacity auction (cfr Annex 7.E), the capacity award is published at the latest on D-1 at 15:30 : what is then the timing for submitting aFRR Energy Bids for the contracted volumes ?	In case of fallback procedure for the "per-CCTU" capacity auction, clarification has been added in the BSP Contract aFRR: in that case, an extended deadline (until 18:00) applies.

Art II.11.3	**FEBEG feedback** Can Elia confirm that the contracted volume of an energy bid can also be updated until aFRR Balancing GCT (e.g. transfer of volume to a new bid on another DP)? Is it possible of cancelling an energy bid by updating the volume to 0 MW ?	**Elia response** Elia confirms that the same rule applies for submission of contracted and non-contracted aFRR energy bids. They can be submitted and updated, at any time, until aFRR GCT. Elia also confirms that an aFRR Energy Bid can be cancelled by updating the volume to 0MW.
Art II.11.15	**Next Kraftwerke feedback** This article explicitly rules out any type of non-contracted bids (“If the total volume submitted in the upward (respectively downward) direction is higher than the aFRR Obligation for aFRR Up (respectively aFRR Down), the aFRR Energy Bids will not be validated, leading to a situation similar to the case of no submission of aFRR Energy Bids and the aFRR Made Available in the upward (respectively downward) direction is zero for the concerned quarter-hour.”). However, non-contracted bids are allowed (elaborated in Annex 9A).	**Elia response** This article applies only for contracted volume ("In case the total contracted volume offered in the upward (respectively downward) direction in the aFRR Energy Bids submitted for a quarter-hour is not equal to the corresponding aFRR Obligation […]). The article has been adapted accordingly.

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4.7.1. Price Cap

Annex 9.A	**Febeliec feedback** On annex 9 on the price cap proposed by Elia, Febeliec is in general not in favour of introducing price caps as they limit the possibility of prices to reflect real scarcity. However, as long as the balancing market and the aFRR market in particular are not very liquid, and because of the implications of a combination of aFRR and mFRR activations on the balancing price, Febeliec can temporarily accept such approach to limit undue cost increases for consumers and ask Elia and CREG to analyse this continuously,	**Elia response** The technical price limitation has been increased to 1000€/MWh to allow all technologies to participate at the aFRR services and in that way increase the liquidity of the aFRR market. In any case, the price cap should not be limiting the market. The technical price limit of 1000€/MWh is a tradeoff between opening the aFRR market to all technologies while ensuring that the price signal given by the imbalance tariff remains representative of the system imbalance and market conditions.

	in order to mitigate any negative effects on the cost for consumers from the proposed approach. For Febeliec, the total cost optimization for consumers remains primordial.	

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4.7.2. Red zones

Art II.11.10	**Febeliec feedback** Febeliec sees that Elia applies the red zones approach, but wonders how this will be dealt with after the introduction of the congestion risk indicator.	**Elia response** The introduction of the congestion risk indicator is still under development and it is too early to specify how this will be taking into account.
Art II.11.10	**FEBEG feedback** Can Elia confirm that no penalties can be applied if the BSP does not shift the aFRR Obligation to other delivery points ?	**Elia response** The BSP is expected to make best effort to shift the aFRR Obligation to other Delivery Points but no penalties will apply (refer to article II.11.10).

4.7.3. Forced outages

Art II.11.13	**Next Kraftwerke feedback** ids with Forced Outages are not exposed to availability control penalties for the first 4 hours?	**Elia response** As stipulated in article II.11.15, in case of Forced Outages, penalties apply after the delay of 4 hours.
Annex 9.C	**FEBEG feedback** Communication of Forced Outages: We consider as not useful and as an administrative burden to have multiple information flows where the actors need to inform Elia of the same event in different communication channels (forced outage for transparency, forced outage for aFRR). FEBEG pleads for a transition period where an efficient and lean way for communicating on forced outages could be designed. In the meantime, we can inform Elia dispatching in the current operational ways on outages. We inform Elia	**Elia response** Elia acknowledges the BSP's comment. Nevertheless, Elia would like to point out that updates of aFRR energy bid and daily schedule are still subject to a neutralization time (respectively, 25min and 45min). In this context, Elia has foreseen in the BSP Contract aFRR a best effort obligation of the BSP for those additional communications by e-mail.

	through the transparency platform and communications of outages and their expected duration.	

4.7.4. Bidding characteristics for aFRR energy bids

Annex 9.A	**Febeliec feedback** In general, Febeliec remains disappointed that it will not be possible to offer aFRR and mFRR from a same delivery point. Febeliec hopes that Elia will in the very near future investigate the settlement rules needed to allow a combination of both products and come with a proposal that could solve this issue, in order to avoid that market actors have to arbitrate between both products (or not being able to valorise all the potential on a same delivery point, also with volumes not able to fulfil the aFRR product requirements but which could fulfil mFRR requirements), thus reducing liquidity and competition by this additional market entry barrier. Febeliec would like to request Elia to provide a clear timeline on when such analysis would be performed and when such combination could be implemented, preferably as soon as possible.	**Elia response** Elia acknowledges the disappointment. It is possible to offer aFRR and mFRR from the same delivery point DPsu as specified in Annex 9A of the T&C BSP aFRR. For DPpg, this is not possible. In case the same delivery point DPpg within an aggregated bid can be activated for aFRR and mFRR on the same moment, additional complex settlement rules need to be developed and implemented. Before adding such complexity, Elia proposes to first observe how the participation of smaller delivery points in the aFRR market will evolve and then assess based on relevant experience the benefit of such an implementation. Elia will analyze this topic for the next evolution of the aFRR service.

Annex 9.A	**FEBEG feedback** “A Delivery Point can only be part of one aFRR Energy Bid per quarter-hour”. It should be possible to split the offered volume on several bids with different prices (at least for the contracted and non-contracted volumes).	**Response Elia** A delivery point can only be part of one aFRR energy bid per quarter-hour and only one price and one volume in (1) the upward and (2) the downward direction can be specified. Initially, this limitation was in place in order to check whether the total offered volume per aFRR energy bid is inferior or equal to the sum of the DPaFRR,max,up (or DPaFRR,max,down) as

		described in annex 9.A. However, Elia understands the remark of Febeg but will need to further analyze the impact on the implementation and the design. Elia will analyses this point for the next design.
Annex 9.A	**FEBEG feedback** DPsu aggregation: in general, it should also be allowed to aggregate a DPsu with other DPsu (not part of the same physical power plant) or DPpg into a virtual power plant, acting together for the delivery of the aFRR service in the same manner as DPsu parts of a Technical Unit (this could be useful for LER assets). Separate energy bids are still needed for the DPsu's and the DPpg, but prequalification tests and availability tests would be performed at the level of the virtual power plant (cfr for a Technical Unit, see hereabove).	**Elia response** A delivery point DPsu cannot be combined with other delivery points for energy bids. For each aFRR energy bid, Elia checks whether the total offered volume is inferior or equal $DP_{aFRR,max,up}$ or $DP_{aFRR,max,down}$ of each delivery point as specified in annex 9.B. These values are determined during the prequalification test as stated in article II.8.5 of the T&C BSP aFRR. Therefore, the prequalification test must also be based on the same principles as the principles for the energy bid submission. The goal of an availability test is to monitor the availability of the aFRR capacity by activating one or more aFRR energy bids. Since aFRR energy bids are activated, the same principle applies as for the submission of the energy bids.

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4.8. Communication requirements

Annex 9.E & Annex 10.D	**FEBEG feedback** Missing documentation: The document "aFRR Communication requirements" is not yet made available by Elia.	**Elia response** The document "aFRR Communication Requirements" has been made available on the

		website of Elia [7] on 31/03/2020. Additional information was sent to the BSPs on 10/04/2020.
Annex 9.E	**FEBEG feedback** Can Elia confirm that BSPs do not need to send the following real time messages to Elia : Pmin_sec, Pmax_sec, Rate_sec (denominations according to the current GFA) ?	**Elia response** Elia confirms.

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4.9. Activation of aFRR energy bids

Annex 10	**FEBEG feedback** An infinite ramp rate may be requested by Elia in some situations at the start of a new Qh. As already mentioned in the feedback of FEBEG on the design note in 2018, jumps in the aFRR requested should be avoided; the aFRR requested should at any time take the limitations of ramping rate into account. The DPs may not be able to make up the missing power due to the infinite ramp rate, and this as long as the required power continues to increase /decrease in the same direction as the initial infinite ramp rate. In any case, this situation should not lead to activation penalties for the BSP.	**Elia response** Elia will apply a jump in 2 cases. 1. In case the bid volume nominated during Qh1 is smaller than bid volume nominated during Qh2 and the bid is fully activated during the transition from Qh1 to Qh2, the aFRR $requested_{bid}$ will "jump" to the bid volume of Qh2. Elia applies the principle that the aFRR $requested_{bid}$ cannot be larger than the bid volume. This is the situation 3 as presented in figure 7 of annex 10 of the T&C BSP aFRR. 2. At the start of the quarter-hour QH4 the bid is not selected and therefore, Elia will not remunerate this bid. Consequently, the aFRR $requested_{bid}$ will go directly to zero. This is the situation 2 as presented in figure 7 of annex 10 of the T&C BSP aFRR.
Annex 10.B	**CBS feedback** In the figure 7 of annex 10, CBS questions the relevance of the "jump", or "vertical ramp" required as illustration between the QH3 and QH4, that does not seem to be justified. CBS	

[7] The document can be consulted here: https://www.elia.be/en/electricity-market-and-system/system-services/technical-documentation-concerning-the-provision-of-ancillary-services

	would like to better understand the rationale behind this requirement.	Elia agrees that this could not lead to additional penalties in the activation control. Elia has analyzed this situation for 3 weeks in January based on the global control target and aFRR Requested (i.e. considering a pool of 145MW).In more than 99% of the time steps (and 80% of the quarter-hours), there was no jump. For 90% of the time, the jump is smaller than 20MW. Since this situation does not occur frequently and the impact is limited, Elia will not change the design and will monitor this aspect.

Annex 10.D	**FEBEG feedback**	**Elia response**
	We do not understand the necessity to send in real-time the aggregated aFRR Power supplied (by all participating DPs together) besides the individual data communicated for each participating DP, and would appreciate that this obligation is removed.	This information is amongst others required for dispatching purposes. It is crucial for the National Dispatching Center to know in real-time the volume of aFRR delivered per BSP.. The information for DPpg is not available in the SCADA of Elia. Therefore, Elia asks to have the information aggregated on BSP level in real-time.

4.10. Baseline

Annex 5	**CBS feedback**	**Elia response**
	CBS renews its support to the baseline forecast principle, as well as the baseline quality check	Elia acknowledges the positive feedback.
	CBS feedback	**Elia response**
	CBS would also like to point out to Elia that for certain technologies like PV solar, passing the baseline check might prove to be too complex using the proposed methodology. Therefore, CBS believes that alternative approaches could be taken for such cases, in order to ensure no	Elia acknowledges the concern of the BSP. However, the new aFRR design is technology neutral including the baseline check. Moreover, it is the responsibility of the BSP to construct a baseline that fits within the foreseen quality factor.

	technology is left aside of the market because of such limitations.	

4.10.1. Normalization baseline error

Annex 5.B	**CBS feedback** The baseline quality should be assessed with respect to the aFRR needs per quarter, and we would thus suggest to compute the quality factor as: $quality\ factor(CCTU) = 1 - \frac{\sqrt{\frac{\sum_{ts} deviation(ts)^2}{N}}}{V(CCTU)}$ with V(ts) the average of up and down aFRR contracted volume for the CCTU. In case the number N of time steps is lower than 1000, quality factor is computed by aggregating CCTU from different days.	**Elia response** Elia takes note of the feedback on the control mechanism proposed to detect the baseline error and the disadvantages regarding the normalization to the average baseline power. In the proposed root mean square error, the deviation between the baseline and the actual measurement is calculated in order to assess the quality of the provided baseline. In order to normalize this deviation, the root mean square error should be compared to the baseline given it is the quality of the later that is checked. As such the baseline is the most logic reference for the calculation of the relative root mean square error. If the average baseline of a particular day of the BSP is smaller than 1MW, Elia will take as a reference for the normalization the baseline of 1MW in order to give more margin to pools with a baseline around 0MW. Elia has noted the possible downsides of the new methodology but will first gain some experience with the practical implications of this new methodology. Based on this experience, Elia will trigger if needed an analysis to review this approach for the next redesign. Elia draws the BSPs' attention to the following design feature which also mitigates the impact of the quality factor of a particular day: a quality factor is calculated for each day of a particular
Annex 5.B	**CBS feedback** The quality factor should not be divided by the average reference baseline given the reference baseline could on average be close to zero, as for example with energy storage or when aggregating demand and generation assets.	
Annex 5.B	**Next Kraftwerke feedback** Both in the baseline test and the baseline control, the baseline error is normalized to the average baseline power. The resulting quality level will therefore be much easier attained by assets with a large baseline. It also promotes the inclusion of stable processes into the BSP pool which do never participate in the aFRR provision, but which just increase the 'reference baseline'. Also for assets which have a reference baseline of zero, such as batteries, the formula would not hold (division by zero).	

Annex 5.B	**Next Kraftwerke feedback** Baseline Quality Evaluation Favours Large Assets with small Flexiblity Baseline quality evaluation is discriminating smaller assets and pools, while these might deliver aFRR with the same or higher accuracy. The baseline quality evaluation should be technology neutral and in consequence also neutral concerning the size of assets. It should not favour assets with large power simply without even setting this in any relation to the flexibility provided. The current methodology however fails exactly in this regard. This is because the larger the power of an asset the smaller the base line error (and the easier to meet the required quality factor). Thus, if you take a pool with the same flexibility and would now only shift the working point assuming large assets as e.g. CCGTs you would end up with a better baseline while the quality of aFRR provision is not changed. ➔ See consultation feedback of Next Kraftwerke for some examples Proposal: We think that the baseline should be independent of the installed capacity and rather be put in relation to the flexibility offered or the prequalified flexibility. In any case a baseline should not favour larger assets over smaller ones.	month, however, the compliancy is checked by taken the average of the daily quality factor of a particular month as described in Annex 5.C of the T&C BSP aFRR.

4.10.2. Compliancy criteria for the baseline control

Annex 5.C	**CBS feedback** The quality factor should not be not assessed per day D but per capacity contracting time unit (CCTU), to consider specificities of some assets	**Elia response** As described in annex 5.C, Elia will only take into account the relevant Time Steps for the baseline control, meaning only the Time Steps for which the delivery points are not delivering the aFRR

	that may for example run only during part of the day.	services (i.e. DP_{aFRR} (ts) = 0) and are nominated for the concerned quarter-hour on the bidding platform. So the quarter-hours of the day during which the delivery points are not nominated on the bidding platform are not taken into account for the evaluation of the quality factor. By taking the average per day, the quality of the baseline is averaged over the day.

4.11. Availability test

4.11.1. Principle

	Next Kraftwerke feedback	**Elia response**
	System of Test activations on Energy Bids - Discriminating and Cost Driving Test activations (“availability control/test”) on energy bids with fixed delivery points oppose the idea of allowing pools of smaller assets to participate in the product. This rule favours pools with larger assets or CIPU units and discriminates against pools of smaller assets. Proposal: Elia activates always the full overall awarded volume during a test activation. These full volume activation test should then be carried out less frequently to limit costs. • See consultation feedback of Next Kraftwerke for full comment.	The goal of an availability test is to check the availability of the volume of certain bid(s) (e.g. the most expensive bid) without activating the total awarded volume of a BSP. It is not reasonably feasible in the long run that Elia needs to test the complete awarded volume per BSP in order to check the availability of certain bids.

Annex 11.C	**CBS feedback**	**Response Elia**
	CBS points out that the need for availability tests in aFRR is less obvious than for FCR, where activations are very frequent but rarely at 100% of the sold capacity, or mFRR (flex in particular), where activations are very rare but usually at	Today, aFRR volume is indeed fully activated several times per day, but when the liquidity increase, this volume may no longer be completely activated several times per day and

	100% of the sold capacity. As presented by Elia regularly, aFRR is fully activated on a daily basis, meaning that all the sold capacity gets to be activated at its full power very frequently. Considering this, and the fact tests are not paid, CBS asks Elia to implement smart testing from day 1: test should be triggered solely if needed, i.e. if an energy bid has not been activated for more than a minimum period. This could for example happen if aFRR gets less saturated and some bids at the end of the merit do start to get less often activated.	the situation may become similar as for FCR and mFRR. In addition, the bid volume should be for 100% of the time available, Elia reserves in any case the right to check this volume also outside the "saturation" periods. Elia notes the request of a smart approach to avoid unnecessary tests and associated costs. Within the contractual framework provided for the organization of the tests, Elia will pay attention to adopt a smart approach. Elia will continue to work on the implementation and documentation of a smart testing logic based on the experience gained with the first steps described in the BSP Contract aFRR (rules for availability tests and limitation on their number). Elia sets the development of a smart testing logic as a priority and is working on this topic in the framework of an incentive for 2020.

Annex 11.C	**Feedback Febeliec** Febeliec wonders why Elia has to right to test all the aFRR Awarded at least once a year, and under which conditions multiple tests would be done (in case the first test was successful). Febeliec's main concern remains the total cost for consumers and is afraid that undue multiple test could lead to increases in the cost. Nevertheless, Febeliec also strongly remains of the opinion that any reserved balancing capacity needs to be available as it is remunerated. Febeliec in any case reiterates its longstanding request for smart testing, to avoid unnecessary and undue tests.	**Response of Elia** Elia notes the request of a smart approach to avoid unnecessary tests and associated costs. Within the contractual framework provided for the organization of the tests, Elia will pay attention to adopt a smart approach. Elia will continue to work on the implementation and documentation of a smart testing logic based on the experience gained with the first steps described in the BSP Contract aFRR (rules for availability tests and limitation on their number). Elia sets the development of a smart testing logic as a priority and is working on this topic in the framework of an incentive for 2020.
Annex 11.C	**Next Kraftwerke feedback**	

	We think that Elia might want to clarify the frequency of tests and propose a smart testing logic. As Elia expects that aFRR activations will be saturated various times per day, Elia can to a large or even fully control the availability of the BSPs during normal operation. If the BSP has proven full activation during normal operation, the chance of an availability test should be significantly reduced. To ensure that all BSPs face the same probability of test activation based on their performance and saturation of bids during normal activation, the smart testing logic needs to be clear and transparent. proposal: A smart testing logic should be implemented from the very beginning and such logic should consider the frequent activation saturation of the product. • See consultation feedback of Next Kraftwerke for full comment	Elia reserves the right to organize availability tests but not the obligation to do so on a regular basis (only maximum one test per month). Elia acknowledges that successful activations reduce the need for availability tests. In practice, the success rate of the activations will be considered before launching an availability control. However, successful activations should not be considered as a guarantee that no availability tests would be launched. This unpredictability of the test is an incentive for BSPs to ensure the availability at any time, so the availability test must remain unpredictable up to a certain level. Today, aFRR volume is indeed fully activated several times per day, but when the liquidity increases, this volume may no longer be completely activated several times per day. In addition, the bid volume should be for 100% of the time available, and Elia reserves in any case the right to check this volume also outside the “saturation” periods.
Annex 11.C	**Flexcity feedback** The situation for aFRR is very different from FCR and mFRR. The product is heavily used with the fully contracted volume being saturated multiple times per day. For Flexcity it does not make sense to withhold the same test frequency as for mFRR and FCR if a BSP would frequently demonstrate their capability to reach the max aFRR by just delivering the service .Seen the costs associated with a test and the risk of a disproportionate penalty the number of possible activation tests are an important factor for both aggregators as our customers and their willingness to participate in the service. Flexcity would therefore make the following suggestion: if, in a rolling period of 30 days, a BSP has at least once reached an aFRR	

	delivered which equals their maximum retained capacity for the same product (aFRR up or down) there would be no test. • See consultation feedback of Flexcity for full comment	
Annex 11.C	**FEBEG feedback** Can Elia confirm that the maximum of 12 availability tests per year applies on the number of availability tests up and down together (and not separately).	**Elia response** Elia confirms that the maximal number on availability tests does not depend on the direction. It is a global cap.

4.11.2. Suspension

Art II.16	**FEBEG feedback** When an availability test is performed, the activation control should be suspended for the 3 quarter-hours of the test	**Elia response** When an aFRR Energy Bid is subjected to an availability test, the total offered volume of the concerned aFRR Energy Bid is made unavailable for activation. The activation control is performed on any other aFRR energy bid selected and activated by Elia. This clarification has been added to the BSP Contract aFRR.
Art II.17	**FEBEG feedback** During an Availability test, should the FCR delivery by the asset under test be suspended?	**Elia response** For the Delivery Points participating to the availability test, the FCR delivery can be suspended. Elia keeps the right to ask an availability for another balancing product during the aFRR availability test.

4.11.3. Others

Art II.14	**FEBEG feedback** Availability test on CIPU units: how is the link between the different components of a power plant in a specific operating mode (eg. a ST and a GT in CCGT modus) taken into account for an	**Elia response** Elia confirms the correct understanding for the prequalification test.

	availability test ? An availability test should be performed on all the nominated DPsu of a power plant that are part of the same operating mode at that moment. For prequalification tests (art. II.8.5 and footnote page 31), the test is performed at the level of the Technical Unit for each operating mode : we understand that the Technical Unit may be a power plant (eg a CCGT) and that all the DPsu composing this Technical Unit are participating to the test in function of the operating mode tested. Can Elia confirm our understanding, and confirm that the same will apply for availability tests ?	In addition, Elia has adapted Annex 11.B to clarify that this approach will also apply for the availability tests.
Art II.14	**FEBEG feedback** Can Elia confirm that the first quarter of an availability test is a full period of 15 minutes, starting as from the trigger signal sent by Elia (and not starting at hh:00 or hh:15 (…) preceding the trigger signal) ?	**Elia response** The start time of the availability test is communicated altogether with the trigger signal. The trigger signal is always sent before the start time of the availability test. Elia has added this information to the contract.
Art II.15	**FEBEG feedback** To trigger an availability test, at least the 2 first quarter-hours of an availability test should be included in the same Energy Bid	**Elia response** Elia confirms that this aspect is taken into account when triggering an availability test.
Annex 11.F	**FEBEG feedback** Communication messages for availability: In case Elia decides to modify the content of the communication messages for availability tests, …, the BSPs should be consulted.	**Elia response** Elia confirms that the BSP will be informed in due time and in accordance with the minimum delay set out in the BSP contract aFRR.
Annex 11.D	**CBS feedback** CBS believes that tests should be as close as possible to real activation conditions, both from a technology and contractual perspective: in that sense, CBS asks Elia: to remove requirements to freeze the baseline during a test	**Elia response** The evaluation of the availability test is done by comparing the delta between the Pmeasured and the Pbaseline with the aFRR Capacity Requested. The pattern for the availability test is contractually fixed and thus known beforehand, therefore a freeze of the baseline is required to

		avoid gaming with the baseline to simulate the delivery of the aFRR Capacity Requested.
Annex 11.B	**CBS feedback** Finally, CBS asks Elia to limit the duration of the test to only 5 minutes outside of the ramping phase instead of a full QH, as the tests are not paid and come up at a cost for the BSP.	**Elia response** The time duration to check the availability of the aFRR Capacity requested is 15 minutes and is aligned with the approach applied for mFRR. A time duration of 15 minutes seems reasonable with respect to the aFRR obligation that is valid for 4 hours.
Annex 11.E	**Next Kraftwerke feedback** For the downward direction the formula, any overdelivery would be registered as missing MW. This is an error as the goal is to supply at least (thus more) than the test volume. The missing MW for downward should therefore be based on abs(min(0, lowest δ(ts)))instead of abs(lowest δ(ts))	**Elia response** The aFRR missing MW is determined only in case of failed availability test. Based on the compliancy criteria for availability test (annex 11.D), the lowest deviation in case of failed availability test in the downward direction is always negative.

4.12. Outliers

4.12.1. General

	Next Kraftwerke feedback Outliers are not any longer removed from the data streams Elia does not remove outliers from the evaluation of provision (test and activation control) and during the baseline optimization. We think that the following should be taken into account: • Outliers will most likely be data communication errors. • Even in case an outlier is not due to a data error, there is a) no interest of any party to divert for a short moment from the provision of the service for from the baseline	**Elia response** Due to the application of the root mean square error for evaluating the baseline quality, it does not make sense to exclude outliers. For the activation control, Elia allows a deviation of 15%. Elia has already foreseen a mitigation measure in case of erroneous data for the determination of the penalty as described in annex 13.D of the T&C BSP aFRR. Consequently, Elia does not foresee the need to allow additional deviations. Elia wants to remind the BSP that the availability test is failed if the aFRR Power supplied is inferior (respectively superior) to the

	b) such occurrence would also not really lower the product quality. A strong penalty due to outliers might therefore not be proportional. Proposal: We suggest keeping the system of excluding a reasonable number of outliers in the 4 second data determining the difference between baseline and measured power (power supplied). ➔ See consultation feedback of Next Kraftwerke for full comment	aFRR Capacity Requested for more than 15 time steps in case of availability test in the upward direction (respectively downward direction), as specified in annex 11.D of the T&C BSP aFRR. Nevertheless, Elia has added the exclusion of the 2 largest deviations for the determination of the aFRR missing MW in case of failed availability test. The T&C BSP aFRR are adapted accordingly.

4.12.2. Outliers for prequalification test

Annex 6.C	**FEBEG feedback** Why are deviations allowed only during the follow-up phase (QH6 & QH7) and not for the first five QH's QH1->QH5. In the current design (as is), 2 deviations are allowed for the Full Power phase.	**Elia response** Elia understands the concern of Febeg and has taken this point into account. Therefore, when the prequalification test is successful, Elia will exclude the two largest deviations for the determination of the prequalified volume. The T&C BSP aFRR are adapted accordingly.

4.12.3. Outliers for baseline test

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4.12.4. Outliers for activation control

Annex 12	**CBS feedback** CBS points out that the current proposal of Elia (uniform symmetric tolerance band of 15% around requested aFRR volume) does not allow to capture in an agnostic and balanced way the different kind of reasons that could lead to deviations between the aFRR supplied calculation and the aFRR required. These	**Elia response** Elia allows a deviation of 15% for the activation control. Elia has already foreseen a mitigation measure in case of erroneous data for the determination of the penalty as described in annex 13.D of the T&C BSP aFRR.

	deviations can come from both technical issues (asset not able to deliver the volume, or with a ramp that is too steep or too slow,…) and non-technical issues (baseline forecast error, communication issue,…). Unlike for the availability tests (where for example deviations caused by very short baseline error are tolerated), the activation control does not foresee any room for outliers causing the delivered aFRR to deviate by more than this tolerance margin. CBS asks Elia to make sure outliers are properly captured in the activation control using one of the 2 solutions: • either ensuring that outliers are discarded from the samples that are considered in the activation control, in addition to the tolerance margin that is proposed. • or, in a more elegant and agnostic way merge the two types of deviation allowed and foresee an overall "deviation budget" that is granted to a bid: for each time step of an activation control, Elia calculates the deviation between the aFRR supplied and the aFRR requested. The deviations of each time steps are then added up, and only the overall sum of these deviations is assessed. If it is below an overall value of e.g. 7.5 or 15% of the aFRR bid size (important that it is compared to the bid size rather than the aFRR activated), the activation is validated. If the overall deviation is higher, then the extra deviation is considered as subject to a penalty, and compared to the amount of aFRR requested.	Consequently, Elia does not foresee the need to allow additional deviations. As described in Annex 12.B, the permitted deviation is equal to 15% of $V(QH)$, where volume V(Qh) the sum is of the offered volume of each aFRR energy bid selected in the concerned direction for at least one time step of the concerned quarter-hour.

4.12.5. Outliers for availability test

Annex 11.E **CBS feedback**

CBS points out that despite the fact that some outliers are allowed during a test (which is a necessity), in case there are still missing MWs beyond the allowed number of time steps, Elia proposed to take the maximal recorded deviation as basis for the penalty. CBS asks Elia to rather look at a certain percentile (95%) of the deviations, to discard outliers from the calculation and reflect more properly the real missing MWs.

Annex 11.E **Flexcity feedback**

Calculation methodology of the penalty: aFRR missing MW & effect of outliers

In the currently proposed penalty scheme a penalty would be due if, during at least 15 time steps, the aFRR supplied is lower than the aFRR requested (in the case of aFRR UP).

The aFRR supplied is defined as the difference between the aFRR baseline and the measured power. Multiple reasons exist why the aFRR supplied would be lower than the aFRR requested.

There could be technical issues where the unit supplying the aFRR is physically not able to deliver the requested amount, typically this would influence many time steps .There could also be non-technical issues as for example, the effect of outliers. Outliers are typically very limited in duration and might arise during only one time step due to, for example measurement errors or temporary baseline issues. This can lead to disproportionate penalties.

➔ See consultation feedback of Flexcity for full comment

Elia response

Elia acknowledges the concern of the BSP since the calculation of the aFRR missing MW leads to a penalty and has considered this remark.

Elia wants to remind the BSPs that the availability test is only failed if the aFRR Power supplied is inferior (respectively superior) to the aFRR Capacity Requested for more than 15 time steps in case of availability test in the upward direction (respectively downward direction), as specified in annex 11.D of the T&C BSP aFRR.

In case of a failed availability test, Elia add to exclusion of the 2 largest deviations for the determination of the aFRR missing MW.

The T&C BSP aFRR are adapted accordingly.

4.13. Penalties for non-performance

4.13.1. General feedback on penalties

Annex 13	**Febeliec feedback** On the penalty regime, Febeliec appreciates that the proposed approach by Elia applies a penalty factor which increasingly penalizes but thus avoids that the proposed penalty is too penalizing and would create a barrier for entry for new entrants. Febeliec nevertheless urges Elia and CREG to follow whether the proposed penalty scheme maintains the right balance and does not lead to unwanted perverse effects that could drive up the cost for consumers.	**Elia response** Elia takes note of the feedback of Febeliec. Elia will monitor the application of the penalty system.
	Flexcity feedback Flexcity is very concerned with the proposal around the availability test and the linked penalty scheme. As explained in the next few paragraphs the proposal is very similar to the mFRR product. However, as mFRR and aFRR are very different products, we fear we end up with a penalty system that can lead to disproportionate penalties and might effectively keep assets from entering the market which are perfectly capable of delivering a correct aFRR service. Flexcity strongly requests to review the Availability Control mechanism. - Frequency of the test - Calculation of the penalty: aFRR missing MW & effects of outliers - Calculation methodology of the penalty: relevance of failed test ➔ See consultation feedback of Flexcity for full comment	**Elia response** In the framework of the harmonization of the balancing products (FCR, aFRR & mFRR), the penalties for non-compliancy with aFRR made available (aFRR obligation) and for aFRR missing MW (capacity availability test) are aligned with the corresponding penalties for mFRR. Elia has responded to the specific remarks of Flexcity regarding these topics in the following sections: - Frequency of the test: Section 4.11.1 - Calculation of the penalty: aFRR missing MW & effects of outliers: Section 4.12.5 - Calculation methodology of the penalty: relevance of failed test: Section 4.13.3
	Next Kraftwerke feedback Important comment upfront: In this section, we explain why we consider that the penalty scheme	**Elia response**

	should be changed. Before we do so we want to clearly state that our concerns do not touch the ultimate penalty of being excluded from product provision if an aggregator commits fraud on product provision in any way (e.g. by data manipulation). This penalty should of course be kept in place and applied. We could even imagine that in case of such fraud and manipulation a financial penalty added in addition to the penalty of exclusion. However, the penalty system for unavailabilities or incorrect product provision does have some major shortcomings. We understand that under the time pressure of go-live in July Elia needed to quickly develop a penalty regime. In order to make a first proposal Elia suggested a transfer the mFRR penalty system to the aFRR system. But as aFRR and mFRR are entirely different products also the penalty schemes has to pay credit to this difference. A mere transfer from mFRR to aFRR does not seem possible. In fact we assume that also Elia is aware of this and knows that the penalty scheme needs to be re-assessed and that in fact the current proposal was meant to trigger the discussion.	Elia acknowledges that NKW is endorsing a penalty and even an exclusion of the product in case of fraud. Elia agrees with this opinion. Regarding the same approach for the penalties for aFRR and mFRR, Elia is of the opinion that this is in line with the harmonization of the balancing products. Generally, Elia does not see a reason why a missing MW and a MW not made available for aFRR and mFRR should be penalized in another way. Moreover, having the same approach for aFRR and mFRR increases also the operational efficiency at both sides (Elia & stakeholders).
	Next Kraftwerke feedback	**Elia response**
	The penalty scheme might be a barrier to cross border procurement and therefore conflict with the objectives of the EC. The high penalty scheme will also conflict with penalty schemes in other countries. While for FCR there is already a mismatch between the penalties in different countries, the relatively small difference still allows cross-border competition. In the case of the current proposal for aFRR the difference between the high penalties in Belgium and the low penalties in the	The cross-border procurement for aFRR capacity is currently not foreseen in Belgium. Elia will initiate the discussions with the stakeholders on the penalties, once there is more clarity of the design of the cross-border procurement.

	neighbouring countries would make it impossible for Belgian assets and pools to compete with assets abroad, unless Elia is convinced that these countries will introduce an equally severe penalty scheme.	

4.13.2. Penalty for aFRR made available

Annex 13.A	**Next Kraftwerke feedback** In our opinion, the penalty proposed for unavailabilities (denominations) misses to meet various key principles of a well-designed penalty scheme. The main problem is the factor "#CCTU" in the formula which leads to a quadratic increase of the penalty with every additional denomination in a new CCTU- no matter how large the volume. This leads to the following two problems: • After a few denominations, the penalty becomes so high that the BSP will refrain from any additional denomination and rather opt for the risk of a test activation. • This #CCTU factor favours bulk losses, meaning short unavailabilities of large volumes. In comparison to these, an unavailability of the same volume that is spread across various CCTUs is fined with a dramatically higher penalty. This cannot be in the interest of Elia. Next Kraftwerke thinks that the penalty should be reworked and makes a new proposal. ➔ See consultation feedback of Next Kraftwerke for full comment	**Elia response** Elia applies the aggravating factor (creating the non-linearity in the penalty) allowing to penalize BSP's with frequent problems to make the energy available in line with their aFRR obligations more heavily than BSP's dealing with a sudden non-reoccurring issue. This design was proposed (for aFRR and for mFRR) based on the feedback received from the stakeholders during a workshop organized in September 2019. The factor serves to be able to distinct structural problems (independently of the size of the missing volume) for a BSP to respect aFRR Obligations from one-time non-compliances. The number of CCTU with non-compliance of aFRR Made Available must be rather high to achieve a penalty of the same order of magnitude as the penalty for a failed availability test, meaning that the BSP must frequently violate its contractual obligations when making the trade-off between both penalties. For portfolio bids the risks of having a delivery point unavailable is part of the BSP's management of the portfolio and would not automatically lead to a penalty for MW not made available either.
	Next Kraftwerke feedback mFRR penalties cannot be applied for aFRR	

	The main features of the penalty scheme are copied form the mFRR contract and do not fit the provision of aFRR. In this context we want to highlight that the rules that Next Kraftwerke and all other aggregators had major concerns about the penalty system put in place for mFRR. One central point uttered was that the mFRR system has so high penalties on the communication of non-availabilities that aggregators might decide to rather take the risk of a test activation then communicating an unavailabilities to Elia. In the context of aFRR this specific problem becomes even more pronounced.	
	Next Kraftwerke feedback The regime discriminates against pool provision That the penalty scheme is favouring large units in particular the CIPU units while it discriminates against provision with pools of smaller assets. As explained below the main reason is that bulk loss un-availabilities face lower penalties then smaller unavailabilities that are evenly spread across a longer period. This point is explained in detail in the following section.	
	FEBEG feedback Penalties for aFFR Made Available : The severability of a non-compliant activation is not taken into account in the “#CCTU non-compliant” : 1 MW not made available during 15 minutes will have the same weight as 10 MW during 4 hours. In our view the severability should be taken into account otherwise it will give an incentive not to report minor unplanned incident (if one knows that reporting the 1 MW unavailability for 15 minutes will penalize you for 30 days, one may decide not to report it and hope for no full activation of the bid volume).	

	Flexcity feedback Flexcity is in favour of a fair penalty system which gives all market parties the correct financial and contractual incentive to deliver a correct and reliable service and which does not favor any specific technology over another. Flexcity is of the opinion that the proposed non-linear penalty system does not meet the above requirements. • The system is not fair • The penalties are indirectly not technology neutral • Market parties don't have correct incentive ➔ See consultation feedback of Flexcity for full comment	

4.13.3. Penalty for Missing MW

Annex 13.B	**Next Kraftwerke feedback** Concerning the test activation, we have the following remarks: The height of the penalty is based on the maximum missing MW during the plateau of the test activation. Even if this MW is only missing for one 4s value it determines the total penalty height. This is problematic for two reasons a) A BSP being short with 10 MW during the whole quarter receives the same penalty as a BRP that is only short during one 4s time step. This typically favours larger single assets as short deviations are rather to be observed in pools of smaller assets. A large CCGT will rather be short during the full quarter or not have any shortage at all, while a VPP might be spot on for almost all of the time but show short deviations.	**Elia response** Regarding the shortage of 4 seconds versus shortage of 15min during an availability test, Elia wants to remind the BSPs that the availability test is only failed if the aFRR Power supplied is inferior (respectively superior) to the aFRR Capacity Requested for more than 15 time steps in case of availability test in the upward direction (respectively downward direction), as specified in annex 11.D of the T&C BSP aFRR. In case of a failed availability test, Elia has updated the design by excluding the 2 largest deviations for the determination of the aFRR missing MW. The T&C BSP aFRR are adapted accordingly. Elia understands the concern that the penalties take into account only the number of awarded CCTUs and not the volume awarded per CCTU. The same approach is also applied for mFRR. Elia proposes to gain first experience with the

	b) There seems to be a major problem with the factor #CCTU also in this formula (note: even though the factor has the same name as the factor in the unavailability formula, it has an entirely different meaning). The factor multiplies and increases penalties just based on the number of awarded CCTUs independent of the awarded volume. Proposal: The penalty should be proportional to the energy (not power) that was not delivered during the test. Large shortages can be penalized with an additional factor. E.g the penalty could be increased with a factor between 1 and x. x should be applied if the maximum deviation during the plateau is equal to 100% missing power. The factor #CCTU needs to be replaced with a multiplicator that takes into account the volume that is awarded during the other #CCTUs. It could also simply be based on the total received capacity remuneration during that month. ➔ See consultation feedback of Next Kraftwerke for full comment	application of the penalties for all balancing products. This design aspect will be investigated in the redesign for the balancing products.

Annex 13.B	**Flexcity feedback** Calculation methodology of the penalty: Relevance of failed Test The formula to calculate the penalty is, as from the 'missing MW' , exactly equivalent to the mFRR formula. For the rarely called mFRR it makes sense to, if an Availability Control has failed, to pay back part of the earnings that are linked to these missing MW. The underlying assumption is that, when a random Availability Control has failed, the missing MW's were probably missing for a longer period in the month	**Elia response** Elia foresees that the liquidity will increase by opening the aFRR market to all technologies. Consequently, the aFRR volume should no longer be fully activated several times per day and Elia will not be able to test whether the volumes were available during the activation control. The situation for aFRR will similar to mFRR and in that way, it is logic to apply the same penalty scheme as for mFRR.

	and not just the moment of the Availability Control. Hence the addition of a factor Alpha that takes a portion of the revenues earned in the period. #CCTU*hours CCTU with average price CP WA. But again for aFRR the situation is different. In contrast to mFRR the Availability test might not have been the only full activation of the capacity. If you have one test with aFRR Missing MW but, in the 29 preceding days, have multiple times successfully reached the same aFRR requested as in the failed Availability test it is statistically not straightforward to just assume that the aFRR Missing was also missing for a large part of that period. This means that the aFRR Missing MW is NOT representative for the availability of the capacity during the month. In this particular case the Missing MW can be better added to the activation control penalties instead.	Moreover, the complete aFRR volume may be activated several times per day but the time duration of these activations may be less than 15 minutes in which case the sustained availability of a bid cannot be tested during the activation control. In parallel, Elia will continue to work on the implementation of a smart testing logic based on the experience gained with the first steps described in the BSP Contract aFRR (rules for availability tests and limitation on their number). Elia sets the development of a smart testing logic as a priority and is working on this topic in the framework of an incentive for 2020. As described in art II.17.8 of the T&C BSP aFRR, the penalty is capped to the total remuneration for the aFRR Service for the concerned month.
Annex 13.B	**CBS feedback** Secondly, CBS believes that tests should be as close as possible to real activation conditions, both from a technology and contractual perspective: in that sense, CBS asks Elia that real activations already done in a given month are considered when calculating the penalties in case of missing MWs during a test (not risking the full monthly revenues if plenty of real activation where already done). Indeed, unlike in mFRR (where the availability test is likely to be the only activation occurring during a month), in aFRR this will very often not be the case. Would that be the case, then the penalty would be the same than in mFRR, as no other activation would be considered.	

Annex 13.A	**Next Kraftwerke feedback**	**Elia response**
	There seems to be a mistake in the calculation of the MW not made available. If we understand it correctly the intention is to calculate the average MW/h that were not made available over the period of one CCTU. The sum of the different quarters should therefore be divided by 16 instead of by 4. This is also clear from the example: The table simply misses to show the other 12 quarters of the CCTU during which the power is fully available. Proposal: • The formula for MW not made available might have to be corrected.	- The sum of the "MW not made available" for the 16 quarter-hours of the CCTU leads to a value in "MW". As we want to match it with the capacity price paid per hour, the formula should lead to an average MW per hour. As there are four hours in the CCTU, the sum of MW not made available is divided by 4. In the example of annex 13.B, there is a difference between the aFRR obligation and the aFRR made available for 4 quarter-hours. For an example with a difference between the aFRR obligation and the aFRR made available for 5 quarter-hours, the sum of the MW not made available should still be divided by 4.

4.13.4. Others

	FEBEG feedback	**Elia response**
	Penalties cap : besides the global cap on the sum of all financial penalties, the sum of penalties related to aFRR Made Available and to aFRR Missing MW should be capped to the monthly remuneration for the aFRR Awarded.	The principle followed by Elia is a global cap on all financial penalties. Elia aims to avoid that the sum of financial penalties for one month exceeds the total remuneration of the aFRR Service for the concerned month, independently from the nature (availability/activation control) of the penalty.
Art II.17.5	**FEBEG feedback**	**Elia response**
	The procedure to restore the initial aFRRmax (after a downwards adaptation by Elia) should be explained	In accordance with Annex 6, an update of the aFRRmax,up (resp. aFRRmax,down) can only be performed thanks to a prequalification test.
Annex 13.D	**FEBEG feedback**	**Elia response**
	The procedure described in case of erroneous data should be applied only when neither Elia nor the BSP have correct data at their disposal, i.e. Elia should accept and use the data of the BSP in case the measurements of Elia are erroneous but the BSP has correct data.	Data which is not sent in real-time, as defined in the "aFRR communication requirements" document, is not considered as valid for the activation control.

Art II.17.1	**Next Kraftwerke feedback** It would be good to write explicitly that “three consecutive baseline controls” mean three consecutive calendar months.	**Elia response** As stated in Art. II.13.1, the baseline control is performed on a monthly basis. In consequence, this effectively corresponds to 3 calendar months.
Art II.17.8	**Next Kraftwerke feedback** Refers to penalties in II.16.1 and II.16.3 of which the summed penalty is capped. o These articles don’t describe penalties o There are three financial penalties foreseen by Elia in this aFRR design (Made Available, Missing MW, Activation Control). Next Kraftwerke proposes to consider all three of them in this clause.	**Elia response** The reference to correct articles has been updated.

4.14. Settlement

Art II.13 ; II.14 : II.15	**Next Kraftwerke feedback** All tests and corresponding penalties are postponed until M+2, without any immediately apparent reason for delay. Full (or even partial) clarity in M+1 would help a lot with the BSP’s commercial and administrative processes towards grid users.	**Elia response** Elia will make best effort to communicate the results as soon as possible. In addition, if Elia notices important issues, it will communicate it without delay to the BSP, as already done today in such cases. Finally, Elia is confident that the BSP has sufficient monitoring in place to evaluate whether the availability test is successful.

5. Other

5.1. Duration of the Contract

Art II.20.1	**Febeliec feedback**	**Elia response**
	Febeliec takes note that this BSP contract will terminate on 31/12/2021 and wonders why this fixed deadline is introduced and which contract will be applicable after this period.	The procurement of the aFRR service by Elia is subject to public procurement law. In that context, an unlimited duration is therefore not advisable. The duration of the contract is therefore linked to the duration indicated in the contract notice (see ref. 2018/S 222-509193) ending on 31 December 2021. After that, a new contract (subject to a new qualification procedure) will have to be signed.

5.2. Supporting document

Elia has put some examples in section 3.1 of the supportive document regarding the Limitations of aFRR energy bid prices and the impact on the imbalance prices. The objective of the formula determining the aFRR contribution to the imbalance price for a particular quarter hour is to weigh the prices of the different activations for time and volume. The proposed formula has been amended to properly reflect this. Elia has updated section 3.1 of the supporting document accordingly and will publish it on its website.

CONFIDENTIAL FEEDBACK