

CONSULTATION REPORT

**Report on the public consultation
regarding the proposal of amendment
of the T&C BRP**

15th September 2021



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1. Introduction

Elia organized a public consultation from 15 June 2021 to 15 July 2021 regarding the proposal of amendment of the terms and conditions for balance responsible parties (hereafter referred to as the T&C BRP) in the context of the implementation of the progressive relaxation of the Day-ahead balance obligation of the BRPs.

In addition to the changes relative to the progressive relaxation of the Day-ahead balance obligation, the opportunity was taken to propose certain modifications to the description of the notifications sent to the BRP in the case of the activation of delivery points of the type DPPG located in the perimeter of the BRP. The objective of these changes is to make the description coherent with the changed timing of activations and notifications for mFRR when connecting to the MARI platform.

Finally, Elia took the opportunity of this amendment to propose some small corrections in the BRP contract. The purpose of this report is to consolidate the feedback received from the public consultation, while at the same time reflecting Elia's position on these reactions.

2. Feedback received

In response to the public consultation, Elia received non-confidential replies from the following parties:

- FEBEG
- Febeliec

All responses received have been appended to this report. These reactions, together with this consultation report, will be made available on Elia's website.

3. Instructions for reading this document

This consultation report is structured as follows:

- Section 1 contains the introductory context,
- Section 2 gives a brief overview of the responses received,
- Section 3 contains instructions for reading this document,
- Section 4 discusses the various comments received during the public consultation and Elia's position on them,
- Section 5 discusses the next steps,
- Section 6 contains the annexes of the consultation report.

This consultation report is not a 'stand-alone' document, but should be read together with the proposal submitted for consultation, the reactions received from the market participants (annexed to this document) and the final proposal.

Section 4 of the document is structured as follows with additional information on the content per column below.

Subject/Article/Title	Stakeholder	Comment	Justification
A	B	C	D

- A. Subject matter covered by the various responses received.
- B. It is indicated who made the comment. In general, the comments are listed alphabetically in the name of the parties concerned.
- C. This document contains an overview of the main, but also specific comments on the document submitted for consultation.
 - o In doing so, an attempt was made to list/consolidate all comments received and to argue whether or not they should be taken into account.
 - o In order to maintain authenticity, the comments have been copied as much as possible in this document. However, the comments have sometimes been shortened and term have been uniformed to make them easier to read.
 - o For clarification purposes, it is recommended to always read the original comment of the stakeholder concerned, as included in the appendix to this report.
- D. This column contains Elia’s arguments as to why a comment was or was not included in the final proposal. However, this column does not contain the final text. For this purpose, the final proposal must be consulted.

4. Comments received during the public consultation

4.1 General comments received during the public consultation

This section provides an overview of the general reactions and concerns of market players that Elia received to the document submitted for consultation.

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
General position towards the relaxation of the Day-ahead balance obligation	FEBEG	<p><i>As a general remark, FEBEG supports all initiatives that improve the market functioning, and this at the different timeframes under consideration. All measures which strive towards simplification, and which can improve the liquidity of the market should be envisaged and are supported by FEBEG.</i></p> <p><i>Overall, the comments made on the previous consultation about a relaxation of the DA Balance Obligation are still applicable. FEBEG calls Elia for a prudent approach for the relaxation of the day ahead balance obligation as too rapid changes could negatively impact the market functioning. FEBEG thus asks Elia to work in cooperation with FEBEG's members to ensure a close follow up of the envisaged changes, based on a careful stepwise approach relying on BRP's feedbacks</i></p>	<p>Elia thanks all respondents for their participation to the current public consultation and for repeating their position and comments regarding the relaxation of the Day-ahead balance obligation which was the object of a previous consultation.</p> <p>Elia understands that:</p> <ul style="list-style-type: none"> - FEBEG acknowledges that the relaxation of the DA balance obligation might have some positive effects but calls for a stepwise, careful and closely monitored relaxation of the Day-ahead balance obligation. - Febeliec, while acknowledging its theoretical merits, is strongly opposed to any relaxation of balance obligations as it fears it could, in practice: <ul style="list-style-type: none"> • jeopardize the quality of the Day-ahead price signal; • put risk on the consumers, both directly (if the flexibility available in real-time was not sufficient to balance the system) or indirectly
	Febeliec	<p><i>As already indicated several times throughout the process leading to this consultation, Febeliec is most strongly opposed against a relaxation of the day-ahead balancing obligation of BRPs, as it undermines one of the fundamental cornerstones of the organization of the market. Moreover, Febeliec is also of the opinion that by allowing this relaxation, the value of the day-ahead price signal as the first moment in time where suppliers and their BRPs start bidding</i></p>	

		<p><i>in individual assets (as compared to portfolio bidding in earlier timeframes) and matching assets with demand from consumers could become jeopardized. Febeliec wants to stress that many price contracts are linked to the day-ahead market prices, being the most liquid market at this point, and as such any action (significantly) impacting this price signal could lead to very negative effects on market functioning and even have fallout in the intraday and realtime markets. Febeliec is not convinced that the theoretical qualitative analysis conducted by Elia provides sufficient certitude and guarantees towards the safeguarding of the day-ahead market. Additionally, Febeliec wants to point out that even though liquidity in the intraday market has been increasing, this market is nowhere as liquid as the day-ahead market, without any guarantees regarding liquidity in moments of system stress, which implies that in such moments saving the system from potentially very high imbalances would have to be performed by only the imbalance market. Febeliec is gravely concerned by this, as there is no fallback for the balancing market: if for any reason the system cannot be balanced in the realtime timeframe, this will lead to curtailment (most probably of loads), which is not in line with the mission of the transmission system operator. Moreover, the balancing timeframe is the playing area of a limited subset of actors, those with assets that can react within the very short timeframes of balancing products, which could mean that when the day-ahead price signal loses its relevance, activating certain assets with longer lead-times than those of balancing products could be pushed out, leaving the system additionally vulnerable, which is unacceptable for Febeliec. Especially as all the risk is here put on the consumers, both directly (potentially up to curtailments in the worst case) and indirectly (through a higher reservation of balancing capacity due to the intricate methodology for calculating these needs based upon historic imbalances, in which case costs for consumers would yet rise again). While Febeliec understands that some parties want to try to invigorate market</i></p>	<p>(if the FRR reservation costs increased following a deterioration of the System Imbalance)</p> <p>First of all Elia wished to clarify that the scope of the study is the analysis of the Day-ahead balance obligation and not the Real-time balance obligation. In this regard, Elia takes no position on that point in the current report.</p> <p>As regard the fear that the relaxation of the Day-ahead balance obligation would impair the quality of the Day-ahead price signal, Elia would like to remind that:</p> <ul style="list-style-type: none"> • The study conducted on the Day-ahead balance obligation in 2020 demonstrated that the relaxation of this obligation could, on the contrary, improve the quality of the Day-ahead price signal by increasing market liquidity, discouraging any tentative to exercise market power and fostering the price convergence between Day-ahead and Intraday markets. Elia agrees that all these potential benefits will not necessarily materialize directly after the relaxation of the Day-ahead balance obligation, and might rather materialize progressively, as the penetration of renewables and demand flexibility increases (making the Belgian Intra-day market more dynamic). However, as concluded in the study, Elia believes that the relaxation of the Day-ahead balance obligation can only improve the relevance of the Day-ahead price signal (being an enabler to some market improvements), and by no means deteriorate it.
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			<p>precisely focus on the evolution of the System Imbalances during the relaxation of the Day-ahead balance obligation and lead to a recommendation to move to the next phase of the relaxation, extend the ongoing phase or step back. Elia hopes that this careful approach reassures FEBEG and Febeliec that the relaxation of the Day-ahead balance obligation will not have negative impact on the market functioning, and hence no (direct or indirect) negative impact on the consumers.</p>
	<p>Febeliec</p>	<p><i>Febeliec challenges Elia to assess and quantify potential benefits of the proposed BRPs' DA balancing obligation relaxation for electricity consumers.</i></p>	<p>Regarding the <i>demonstration</i> of the benefits that would be brought by the relaxation of the Day-ahead balance obligation, Elia reminds that its previous study on the Day-ahead balance obligation <u>aimed first at assessing whether the current Day-ahead balancing obligation is relevant</u> (as foreseen by the EBGL) and, if not, to propose evolutions. Elia's conclusion was that the current Day-Ahead balance obligation is not justified and should therefore evolve. In other words, even if the Day-Ahead balance obligation does not bring benefits at short term, it is not a reason to keep such an obligation in place (as long as its relaxation does not significantly negatively impact the reliability, security or efficiency of the system).</p> <p>Elia reminds that, as specified in section 10.2.3 of its previous study on the Day-ahead balance obligation, the proposed relaxation of the Day-ahead balance obligation <u>enables</u> some market improvements such as price convergence between DA and ID markets and increase of market liquidity. Those improvements of course depend on the behaviour of the BRPs, which cannot be perfectly predicted. Indeed, if BRPs deem that the Intraday market liquidity is currently too poor, they will probably not use the possibility to take open positions at the end of the Day-ahead</p>

			<p>market. Therefore, the benefits made possible by the relaxation of the Day-ahead market might be limited in a first stage and increase progressively, once the increased penetration of renewables and demand flexibility will have made the Belgian Intra-day market more dynamic.</p>
	Febeliec	<p><i>Febeliec invites Elia to assess the potential impact of the BRPs' DA balancing obligation relaxation on the availability for the system of demand response and other flexibility sources that cannot respond to real-time price signals but would be available in DA if the DA price signal were a correct reflection of the system balance in real-time.</i></p>	<p>As mentioned above, Elia believes that the removal of balance obligations helps the back propagation of the real-time signal to previous markets, hence allowing the DA price signal to better reflect the real-time conditions.</p> <p>With the growing penetration of renewables and decentralised flexibility, portfolio adjustments after the Day-Ahead timeslot will largely increase. Hence the "picture taken in Day-Ahead" will become less and less representative of the final system conditions. The balance obligations, with the discontinuity that it creates between the different markets, enforce that phenomenon as market parties are not allowed to anticipate potential variations during the ID timeframe and hence to improve the representativeness of the Day-ahead "picture".</p> <p>In this sense, Elia believes that the removal of balance obligations can only improve the quality of the DA price signal, and hence the availability for the system of demand response and flexibility sources that have a long activation time.</p>
Implementation plan for the relaxation of the Day-ahead balance obligation	FEBEG	<p><i>FEBEG acknowledges that the track changes in the T&C BRP contract seem to be in line with the decision made after the public consultation on Day-ahead balance obligation of BRP's. It is therefore consistent with the decisions made by Elia.</i></p>	<p>Elia thanks FEBEG for its feedback and takes note that the proposed modifications are deemed to be in line with the discussions and decisions made after the public consultation on the study regarding the Day-ahead balance obligation of the BRPs.</p>

4.2 Specific comments related to the Day-ahead balance obligation received during the public consultation

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
Operational and implementation efforts	FEBEG	<p><i>FEBEG wants to call Elia's attention on the limitation of the operational and implementation efforts, considering (i) the highly busy roadmap for the coming months and (ii) the proposed short notification time going from 50% to 100% max allowed deviation in a first step and the confirmation to maintain 100% in a second step</i></p>	<p>Elia believes that the operational and implementation efforts linked to the relaxation of the balance obligation are close to zero. The nomination process remains indeed unchanged. The only difference in comparison with the current situation is that the sum of the nominations introduced by a BRP in Day-ahead will not necessarily have to be equal to zero for each quarter-hour of the next day, but will have to be lower than a given threshold. In other words, BRPs that do not want to use the possibility to take open position in Day-ahead do not have to change anything in their tools or internal processes. BRPs that would like to use this possibility might have to adapt some tools or internal processes to make sure the open position they take in Day-ahead remains below the maximum open position allowed. However, they are certainly not <i>obliged</i> to take (higher) open positions in Day-ahead as from the beginning of a new step of the relaxation : if the notification time is deemed too short to perform the necessary modifications in their systems, the BRPs can temporarily continue working as in the previous phase.</p>

	<p>Febeliec</p>	<p><i>Febeliec insists that an analysis is conducted as soon as possible and in any case sufficiently in advance of the go-live of the first test period on the impact of this relaxation on the operational procedures, a.o. for consumers and CDSOs. Febeliec insists that there should be no impact or if there would be an operational impact, this should be kept at the minimum and be communicated duly and in advance to the concerned parties.</i></p>	<p>Elia wonders which impacts on the operational procedures of consumers and CDSOs Febeliec is referring to. Since the nomination process has not been reviewed, and the only modification foreseen is the fact that the sum of the nominations introduced by one BRP for a given quarter-hour <u>is allowed</u> to be different from zero (while still under a max. threshold), only the BRPs that <u>want</u> to take open positions in Day-ahead might need to adapt their operational procedures.</p>
<p>Evaluation methodology and possibility to step back</p>	<p>FEBEG</p>	<p><i>FEBEG wants to call Elia's attention on the possibility to return to a previous situation instead of moving forward. This could be needed if market circumstances demonstrate that the benefits of dropping the Day-ahead obligation do not materialise or issues related to higher system imbalances, peaks in imbalance prices, market access/competition are raised. A such, the quality of the average ACE and System Imbalance should not deteriorate with the relaxation Day-ahead Balancing Obligation. Despite the increased penetration of renewables, any increase in ACE or SI should be closely monitored with the go-live of Day-ahead balance Obligation relaxation and allow the possibility to come back to the previous situation.</i></p>	<p>Elia would like to insist that <u>the absence of positive effects</u> of the partial relaxation of the DA balance obligation on market efficiency (e.g. higher market liquidity, better price convergence between DA and ID, etc.) <u>will not condition the decision</u> to move to the next phase. However, if <u>significantly negative effects</u> on the reliability, security or efficiency of the grid can be ascribed to the relaxation of the Day-ahead balance obligation, Elia foresees the <u>possibility to come back to the previous situation</u>.</p> <p>Elia confirms that the evolution of the System Imbalances will be closely monitored during the relaxation of the Day-ahead balance obligation and will be used as input for the recommendation being made at the end of evaluation period to move forward, extend the ongoing phase or come back to a situation where more limited (or no) open positions are allowed in Day-ahead.</p>
	<p>Febeliec</p>	<p><i>Febeliec also welcomes that when significant negative effects on the reliability, security or efficiency of the grid are detected, Elia will be allowed to reduce the allowed maximum open position. Febeliec insists that also CREG would have this same prerogative of initiative to revert to a lower allowed open maximum position (up to the point of no allowed open maximum position).</i></p>	<p>Elia believes the current procedure and legal possibilities already fulfill Febeliec's request :</p> <ul style="list-style-type: none"> • In case Elia detects an event that jeopardizes the reliability, security or efficiency of the grid, Elia will start an analysis possibly leading to the conclusion that it should be reverted to a lower maximum allowed open position

			<ul style="list-style-type: none"> The CREG has the general legal prerogative to require Elia to start such an analysis and come with a proposal at any moment <p>Elia suggests to adapt the proposal for amendments to clarify that the analysis that possibly leads to the conclusion that significant negative effects on the reliability, security or efficiency of the grid are caused by the relaxation of the Day-ahead balance obligation will be performed by Elia on its own initiative or at the request of the CREG.</p>
	Febeliec	<i>Febeliec asks that the follow-up is conducted permanently in order to immediately detect any anomalies and risks and act accordingly, in order to limit costs and risks for consumers.</i>	Elia confirms that even outside the formal evaluation moments, the reliability, the security and the efficiency of the grid is constantly monitored and, in case problematic situations are observed that can be ascribed to the relaxation of the Day-ahead balance obligation, actions will be taken by Elia (either directed to specific BRPs, or applicable to all the BRPs if it is deemed necessary to step back) without waiting for the end of the ongoing phase.
	Febeliec	<i>On the proposed parameters and benchmarks for this follow-up, Febeliec at this point has no additional comments but insists that the proposed list is not considered exhaustive, in order to allow also here to adapt in case it is observed that other or additional parameters are deemed interesting or necessary to do a correct follow-up.</i>	Elia believes that the evolution of the System Imbalance is the right indicator to monitor that the relaxation of the Day-ahead balance obligation has no significantly negative effect on the system. However, Elia confirms that the proposed list is not exhaustive and will complement this indicator by a contextual analysis in which other parameters could be taken into account when deemed interesting.
Communication, publication & transparency	FEBEG	<i>Transparency is essential: new indicators published by Elia should be thoroughly prepared and studied in detail. An aggregated view (per Qh) of the open positions, along with the aggregation of the long and the short positions separately would provide more precise information to the market.</i>	<p>Elia confirms its intention to publish, for each quarter-hour:</p> <ul style="list-style-type: none"> The aggregated sum of all the nominations received from all the BRPs for this given quarter-hour;

			<ul style="list-style-type: none"> • The aggregated sum of all the nominations received from the BRPs that have positive imbalance for this given quarter-hour; • The aggregated sum of all the nominations received from the BRPs that have a negative imbalance for this given quarter-hour;
	<p>FEBEG</p>	<p><i>The need to keep receiving (bilateral/confidential) information on the portfolio balance. Currently, BRPs are receiving a signal from Elia should their portfolio not be (sufficiently) balanced in Day-ahead. We would like to keep this service as this is a valuable one, even if this would just be read as an information and not as request to action from Elia.</i></p>	<p>Elia confirms that the BRPs will still be able, as it is the case today, to access information regarding the balance of their portfolio, and this via two different channels:</p> <ul style="list-style-type: none"> • At any moment, the BRP will be able to get a quarter-hourly view of its portfolio balance by consulting the E-nominations system. In this system, the quarter-hours for which the balance is reached, the quarter-hours for which the balance is not reached but the imbalance is below the maximum imbalance allowed, and the quarter-hours for which the imbalance exceeds the maximum imbalance allowed will be displayed in different colors so that the BRP can immediately detect whether its portfolio is (sufficiently) balanced • The BRP can also compute its own global position from its nominations, or consult the B2B data exchange service to retrieve the global position computed by Elia. This data can be used by the BRP to assess if its portfolio is (sufficiently) balanced, potentially using its own balancing target that might be stricter than the maximum imbalance allowed by Elia in Day-ahead.

			<p>Besides, if deemed useful by the BRPs, Elia could send an automatic email to all the BRPs after the deadline for the submission of their Day-ahead nominations, with information about their portfolio balance.</p> <p>On top of that, Elia may contact the BRP and request an action to adapt its portfolio when the sum of its nominations exceeds the maximum imbalance allowed for a given quarter-hour.</p>
<p>Stepwise relaxation & timeline</p>	<p>FEBEG</p>	<p><i>The proposed stepwise approach with respectively 25%, 50% and 100% of BRP deviation seems reasonable. FEBEG wonders why the impact analysis will not be done at the end of the 3 months period allowing 25% deviation.</i></p>	<p>Elia believes that an acclimation period is needed for the market to start making efficient use of the possibility to take open positions in Day-ahead. This is the reason why it foresees a 3-months period during which the maximum open position allowed is very limited, so that even beginner's mistakes cannot jeopardize the system. Elia assumes that this 3-months acclimation period will give enough time to the BRPs to adapt their processes and tools to their new way of working and to gain experience. However, Elia believes that the conclusion that could be drawn from an impact analysis over this acclimation period might not be representative and might :</p> <ul style="list-style-type: none"> - Either give the false impression that the relaxation of the Day-ahead balance obligation does not impact the System Imbalance of the zone, because some BRPs would not have adapted their processes or tools yet, and because even the ones that would have started taking open positions in Day-ahead would be very limited in the positions they can take (due to the 25% allowed deviation). It is therefore very unlikely that potential issues linked to the relaxation of the Day-ahead

			<p>balance obligation are revealed during this acclimation period;</p> <ul style="list-style-type: none"> - Or, on the contrary, give the false impression that the relaxation of the Day-ahead balance obligation leads to undue behaviors of the BRPs whereas the observations made would actually be due to beginners' mistake and hence not be representative of the situation after a learning period; <p>This is the reason why Elia suggests to increase the maximum open position allowed to 50% of the size of the BRP portfolio (which will allow better revealing the possible effects of the relaxation) as from the end of this acclimation period, when the full brunt of the winter is past, and to foresee the first formal evaluation after a 6-months observation period in this regime.</p> <p>Of course, even in the absence of formal evaluation, the reliability, the security and the efficiency of the grid is constantly monitored and in case unacceptable behaviors are observed during this 3 months acclimation period, actions will already be taken by Elia (either directed to specific BRPs, or applicable to all the BRPs if it is deemed necessary to step back or to extend the period with a 25% allowed deviation).</p>
	<p>Febeliec</p>	<p><i>On the proposed timeline, Febeliec is only concerned that the test period for a 100% relaxation will cover winter 2022-2023</i></p>	<p>According to the current timeline, an open position of 100% of the portfolio size should be allowed as from 1st September 2022. Elia therefore believes that both the market and Elia will have gained enough experience with this relaxation by the beginning of winter 2022-2023. Furthermore, in its proposal, Elia foresees the possibility to step back to a more limited allowed open position at any moment if the relaxation has significantly negative</p>

			<p>effect on the reliability, security or efficiency of the system. Besides, Elia believes that it is necessary and insightful to cover winter months during the test period, before definitively removing the Day-ahead balance obligation.</p>
	<p>FEBEG</p>	<p><i>Elia intends to communicate only one week upfront to market parties whether the transition from 50% to 100%, and maintaining a 100% deviation tolerance will be validated. This seems very short notice as the impacts on daily operational processes should not be underestimated.</i></p> <p><i>FEBEG invites Elia to assess the possibility to communicate more upfront, one month would be preferable.</i></p>	<p>The decision communicated one week upfront can have three different outcomes:</p> <ul style="list-style-type: none"> - If it is decided to extend the ongoing phase, Elia assumes that there is no impact on daily operational processes - If it is decided to move to the next phase, Elia believes that the short notification time should not be an issue because Elia will never oblige the BRPs to take higher open positions in Day-ahead as from the beginning of a new step of the relaxation. If the notification time is deemed too short to perform the necessary modifications in their systems, the BRPs can (temporarily) continue working as in the previous phase. - In the (hopefully unlikely) case it is decided to step back, Elia agrees that the decision could impact daily operational processes. However, the decision to step back will only be taken if it is observed that the relaxation of the Day-ahead balancing obligation is harmful for the system. Whether this decision to go back to a situation where a more limited (or no) open position is allowed in Day-ahead is made at the end of a formal evaluation, or in the middle of a relaxation phase, Elia believes that it should be effectively implemented as

			<p>soon as possible to avoid jeopardizing the reliability, security or efficiency of the grid.</p> <p>Elia therefore suggest to maintain the communication process and time proposed in the T&C.</p>
<p>Implication of market parties in the evaluation process</p>	<p>FEBEG</p>	<p><i>Elia mentions in the T&C that it will make a recommendation to CREG. FEBEG invites Elia to be open to feedback from market parties in those recommendations.</i></p>	<p>In order to avoid long administrative procedures between each phases of the stepwise relaxation of the Day-ahead balance obligation, Elia described the whole implementation plan in the proposal for amendments of the T&C BRP which is the object of this report. In that sense, no formal public consultation will be foreseen before making a recommendation to CREG to move to the next phase, extend the current phase or step back. However, in case events jeopardizing the reliability, security or efficiency of the grid are detected during a test period, Elia will communicate the outcome of its analysis of these events in the Working Group Balancing meetings. Besides, the conclusions of the evaluations performed at the end of the test periods will be shared with the stakeholders during Working Group Balancing meetings when the calendar allows it (i.e. depending on the dates when Working Group Balancing meetings are scheduled). Finally, Elia encourages the stakeholders to raise all the questions or feedback they would have regarding the relaxation of the Day-ahead balance obligation during these Working Group Balancing meetings.</p>
	<p>Febeliec</p>	<p><i>Febeliec welcomes the fact that the proposal includes several phases with gradual relaxation over a longer period, with a go-no go decision after each phase based on a report from Elia and a decision from the CREG. Febeliec insists that these reports are shared with the stakeholders and discussed and that they will be allowed to provide their feedback before any decision of the regulator.</i></p>	
<p>Impact on FRR reservations</p>	<p>Febeliec</p>	<p><i>Febeliec also strongly insists to exclude any anomalies detected because of this relaxation, which are afterwards remedied, whichever remedy used, from the datasets, analysis and methodology to calculate the balancing needs and means and related analyses, in order to avoid that unexpected events during</i></p>	<p>Elia confirms that if the relaxation of the Day-ahead balance obligation happens to significantly negatively affect the reliability, the security or the efficiency of the grid, and if it is therefore decided to go back to a situation where no open position is allowed in Day-ahead, then the dataset used to calculate the reserve</p>

		<p><i>this test period would over the course of several years unduly negatively impact the costs for consumers, especially if during the meantime the causes for this anomalies would have been remedied.</i></p>	<p>needs would be filtered to remove the moments where large System Imbalances were observed and linked to the relaxation of the Day-ahead balance obligation. This filtering will be performed in accordance with the FRR dimensioning rules described in the LFC BOA, which foresees the possibility to remove periods with data quality problems or particular events from the time series used for the calculation of the FRR needs.</p>
<p>Penalties</p>	<p>FEBEG</p>	<p><i>Elia mentions that a BRP exceeding the max allowed deviation 3 times on a month could be prevented from accessing the Intraday market during 30 days. FEBEG acknowledges that it is important to respect the max allowed deviation. However, FEBEG believes that Elia should not apply this rule automatically (blindly). Exceeding the threshold could be (i) the result of operational processes not fully ready (especially considering that Elia will adapt the max allowed deviation only one week after notifying to the market parties) and/ or (ii) the result of minor deviations compared to the max allowed threshold (i.e. 50.5% iso 50%). It seems important to make the distinction between good faith mistake and opportunistic behaviours.</i></p>	<p>In case the relaxation of the Day-ahead balance obligation is implemented smoothly without the need to step back to a previous phase, Elia does not understand that the threshold could be exceeded as a result of operational processes not fully ready. As mentioned before, each BRP is allowed to take the time it needs to adapt its processes and tools since there is absolutely no obligation to take higher open positions (nor to take open positions at all) when the maximum allowed threshold is increased.</p> <p>This technical penalty is already applicable today when a BRP submits Day-ahead programs that are not balanced 3 times in a row or 5 times in a month. The trigger of the penalty was slightly reinforced (from 5 times to 3 times in a month) but the spirit of the penalty remains the same and the rule will therefore be applied the same way as it is today.</p> <p>Besides, BRPs may be contacted by Elia when their open position exceeds the max allowed deviation for a given quarter-hour. In this case, they shall be able to correct the situation if it is due to an error in the tools, an operational process which is not fully ready, etc..</p>

4.3 Specific comments related to other changes proposed in the T&C BRP

SUBJECT	STAKEHOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
Notification process of BSP acknowledgement messages	FEBEG	<i>FEBEG does not have specific remarks on the modification in the notification process of BSP acknowledgement messages. The remarks on this topic have been made during (i) the consultation on the rules of the organisation on the transfer of energy DA/ ID and (ii) the former consultation of amendments T&C BRP contract.</i>	Elia thanks FEBEG for the feedback and takes note that the remarks on the topic were given during other public consultations.

5. Next steps

On the basis of the reactions received from market players, as set out in this consultation report, Elia will finalize its proposal of amendment of the T&C BRP. The finalized documents are submitted to the relevant regulators on 14th September 2021. The consultation report will be published on Elia's website after the submission to the CREG.

After approval by the relevant regulators, market parties will be informed regarding the final documents and the planned go-live.

6. Attachments

The following reactions Elia received to the document submitted for consultation are attached to this report:

- FEBEG
- Febeliec

Contact

Elia Consultations

Consultations@elia.be

Elia System Operator SA/NV

Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium



Subject: FEBEG's comments on ELIA's Public consultation on Modifications of T&C BRP contract
Date: 15 July 2021

Contact: Jean-François Waignier
Phone: +32 485 779 202
Mail: Jean-francois.waignier@febeg.be

FEBEG thanks ELIA for having the opportunity to answer ELIA's Public consultation on the modifications to T&C BRP¹.

The comments and suggestions of FEBEG are not confidential.

General comments

As a general remark, FEBEG supports all initiatives that improve the market functioning, and this at the different timeframes under consideration. All measures which strive towards simplification, and which can improve the liquidity of the market should be envisaged and are supported by FEBEG.

Overall, the comments made on the previous consultation² about **a relaxation of the DA Balance Obligation are still applicable**. FEBEG calls Elia for a **prudent approach** for the relaxation of the day-ahead balance obligation **as too rapid changes could negatively impact the market functioning**. FEBEG thus asks Elia to **work in cooperation with FEBEG's members to ensure a close follow up of the envisaged changes, based on a careful stepwise approach relying on BRP's feedbacks**.

Specific remarks

FEBEG acknowledges that the track changes in the T&C BRP contract seem to be in line with the decision made after the public consultation on Day-ahead balance obligation of BRP's. It is therefore consistent with the decisions made by Elia.

FEBEG wants to call Elia's attention on the following points:

- **Limitation of the operational and implementation efforts**, considering (i) the highly busy roadmap for the coming months and (ii) the proposed short notification time going from 50% to 100% max allowed deviation in a first step and the confirmation to maintain 100% in a second step
- **The possibility to return to a previous situation instead of moving forward**. This could be needed if market circumstances demonstrate that the benefits of dropping the Day-ahead obligation do not materialise or issues related to higher system imbalances, peaks in

¹ <https://www.elia.be/en/public-consultation/20210615-public-consultation-on-the-proposal-of-amendment-of-the-tandc-brp>

² FEBEG's comments on ELIA's Public consultation on Day-Ahead Balance Obligation of BRPs of 16/10/2020

imbalance prices, market access/competition are raised. As such, the quality of the average ACE and System Imbalance should not deteriorate with the relaxation Day-ahead Balancing Obligation. Despite the increased penetration of renewables, any increase in ACE or SI should be closely monitored with the go-live of Day-ahead balance Obligation relaxation and allow the possibility to come back to the previous situation.

- **Transparency is essential: new indicators** published by Elia should be thoroughly prepared and studied in detail. An aggregated view (per Qh) of the open positions, along with **the aggregation of the long and the short positions separately would provide more precise information** to the market.
- **The need to keep receiving (bilateral/confidential) information on the portfolio balance.** Currently, BRPs are receiving a signal from Elia should their portfolio not be (sufficiently) balanced in Day-ahead. We would like to keep this service as this is a valuable one, even if this would just be read as an information and not as request to action from Elia.
- **The proposed stepwise approach** with respectively 25%, 50% and 100% of BRP deviation seems reasonable. FEBEG wonders why the impact analysis will not be done at the end of the 3 months period allowing 25% deviation.
- Elia mentions in the T&C that it will make a **recommendation to CREG**. FEBEG invites Elia to be open to feedback from market parties in those recommendations.
- Elia **intends to communicate only one week upfront** to market parties whether the transition from 50% to 100%, and maintaining a 100% deviation tolerance will be validated. This seems very short notice as the impacts on daily operational processes should not be underestimated. FEBEG invites Elia to assess the possibility to communicate more upfront, one month would be preferable.
- Elia mentions that a BRP exceeding the max allowed deviation 3 times on a month could be prevented from accessing the Intraday market during 30 days. FEBEG acknowledges that it is important to respect the max allowed deviation. However, FEBEG believes that Elia should not apply this rule automatically (blindly). Exceeding the threshold could be (i) the result of operational processes not fully ready (especially considering that Elia will adapt the max allowed deviation only one week after notifying to the market parties) and/ or (ii) the result of minor deviations compared to the max allowed threshold (i.e. 50.5% iso 50%). It seems important to make the distinction between good faith mistake and opportunistic behaviours.

FEBEG does not have specific remarks on the modification in the notification process of BSP acknowledgement messages. The remarks on this topic have been made during (i) the consultation on the rules of the organisation on the transfer of energy DA/ ID and (ii) the former consultation of amendments T&C BRP contract.

Febeliec answer to the Elia consultation on the proposal of amendments of the T&C BRP following the progressive relaxation of the Day-Ahead Balancing obligation of the BRPs

Febeliec would like to thank Elia for this consultation on the proposal of amendments of the T&C BRP following the progressive relaxation of the Day-Ahead Balancing obligation of the BRPs. As already indicated several times throughout the process leading to this consultation, Febeliec is most strongly opposed against a relaxation of the day-ahead balancing obligation of BRPs, as it undermines one of the fundamental cornerstones of the organization of the market. Moreover, Febeliec is also of the opinion that by allowing this relaxation, the value of the day-ahead price signal as the first moment in time where suppliers and their BRPs start bidding in individual assets (as compared to portfolio bidding in earlier timeframes) and matching assets with demand from consumers could become jeopardized. Febeliec wants to stress that many price contracts are linked to the day-ahead market prices, being the most liquid market at this point, and as such any action (significantly) impacting this price signal could lead to very negative effects on market functioning and even have fallout in the intraday and realtime markets. Febeliec is not convinced that the theoretical qualitative analysis conducted by Elia provides sufficient certitude and guarantees towards the safeguarding of the day-ahead market. Additionally, Febeliec wants to point out that even though liquidity in the intraday market has been increasing, this market is nowhere as liquid as the day-ahead market, without any guarantees regarding liquidity in moments of system stress, which implies that in such moments saving the system from potentially very high imbalances would have to be performed by only the imbalance market. Febeliec is gravely concerned by this, as there is no fallback for the balancing market: if for any reason the system cannot be balanced in the realtime timeframe, this will lead to curtailment (most probably of loads), which is not in line with the mission of the transmission system operator. Moreover, the balancing timeframe is the playing area of a limited subset of actors, those with assets that can react within the very short timeframes of balancing products, which could mean that when the day-ahead price signal loses its relevance, activating certain assets with longer lead-times than those of balancing products could be pushed out, leaving the system additionally vulnerable, which is unacceptable for Febeliec. Especially as all the risk is here put on the consumers, both directly (potentially up to curtailments in the worst case) and indirectly (through a higher reservation of balancing capacity due to the intricate methodology for calculating these needs based upon historic imbalances, in which case costs for consumers would yet rise again¹). While Febeliec understands that some parties want to try to invigorate market functioning and open up better trading and hedging opportunities, it is extremely worried that this is done at the expense of consumers, as they bear all the risks and not necessarily reap any benefits. In any case, in the strongest possible way, Febeliec adamantly wants to oppose any further relaxation of the obligation for BRPs to be physically in balance towards the realtime timeframe, as this could even more jeopardize the physical integrity of the system in realtime. Even though BRPs with large imbalances would then still be financially penalized, the spillover effects of possible brownouts (or even a blackout) would be at the detriment of consumers and society. As such, Febeliec insists that even though it is, very reluctantly, willing to look into a relaxation of the day-ahead obligation of BRPs to be physically in balance in the day-ahead timeframes, with all the caveats discussed in this answer, it is completely opposed to any such relaxation in the realtime timeframe, now and in the foreseeable future.

On the concrete proposal, notwithstanding the above nor the fact that Febeliec even though opposed to the relaxation wants to ensure that any potential modification of market functioning is duly addressed and encapsulated in a correct regulatory framework, Febeliec has following comments:

- Febeliec welcomes the fact that the proposal includes several phases with gradual relaxation over a longer period, with a go-no go decision after each phase based on a report from Elia and a decision from the CREG. Febeliec insists that these reports are shared with the stakeholders and discussed and that they will be allowed to provide their feedback before any decision of the regulator.
- Febeliec also welcomes that when significant negative effects on the reliability, security or efficiency of the grid are detected, Elia will be allowed to reduce the allowed maximum open position. Febeliec insists that also CREG would have this same prerogative of initiative to revert to a lower allowed open maximum position (up to the point of no allowed open maximum position).

¹ Febeliec in this framework refers also to its numerous comments on invoicing at the very least an important part of the reservation cost for balancing capacity to BRPs, e.g. based on their imbalances in realtime, in order to provide an additional incentive for BRPs to ensure that they are balanced or otherwise exposed to additional costs

Febeliec represents industrial energy consumers in Belgium. It strives for competitive prices for electricity and natural gas for industrial activities in Belgium, and for an increased security of energy supply. Febeliec has as members 5 business associations (Chemistry and life sciences, Glass, pulp & paper and cardboard, Mining, Textiles and wood processing, Brick) and 38 companies (Air Liquide, Air Products, Aperam, ArcelorMittal, Arlanxeo Belgium, Aurubis Belgium, BASF Antwerpen, Bayer Agriculture, Bekaert, Borealis, Brussels Airport Company, Covestro, Dow Belgium, Evonik Antwerpen, Glaxosmithkline Biologicals, Google, Ineos, Infrabel, Inovyn Belgium, Kaneka Belgium, Kronos, Lanxess, Nippon Gases Belgium, Nippon Shokubai Europe, NLMK Belgium, Nyrstar Belgium, Oleon, Proxiums, Recticel, Sol, Tessenderlo Group, Thy-Marcinelle, Total Petrochemicals & Refining, UCB Pharma, Umicore, Unilin, Vynova and Yara). Together they represent over 80% of industrial electricity and natural gas consumption in Belgium and some 230.000 industrial jobs.

- Febeliec challenges Elia to assess and quantify potential benefits of the proposed BRPs' DA balancing obligation relaxation for electricity consumers.
- Febeliec invites Elia to assess the potential impact of the BRPs' DA balancing obligation relaxation on the availability for the system of demand response and other flexibility sources that cannot respond to real-time price signals but would be available in DA if the DA price signal were a correct reflection of the system balance in real-time.
- On the proposed timeline, Febeliec is only concerned that the test period for a 100% relaxation will cover winter 2022-2023 and refers to the previous point and asks that the follow-up is conducted permanently in order to immediately detect any anomalies and risks and act accordingly, in order to limit costs and risks for consumers.
- On the proposed parameters and benchmarks for this follow-up, Febeliec at this point has no additional comments but insists that the proposed list is not considered exhaustive, in order to allow also here to adapt in case it is observed that other or additional parameters are deemed interesting or necessary to do a correct follow-up.
- Febeliec also strongly insists to exclude any anomalies detected because of this relaxation, which are afterwards remedied, whichever remedy used, from the datasets, analysis and methodology to calculate the balancing needs and means and related analyses, in order to avoid that unexpected events during this test period would over the course of several years unduly negatively impact the costs for consumers, especially if during the meantime the causes for this anomalies would have been remedied.
- Last but not least, Febeliec insists that an analysis is conducted as soon as possible and in any case sufficiently in advance of the go-live of the first test period on the impact of this relaxation on the operational procedures, a.o. for consumers and CDSOs. Febeliec insists that there should be no impact or if there would be an operational impact, this should be kept at the minimum and be communicated duly and in advance to the concerned parties.