

Subject: FEBEG's position regarding the public consultation on the proposal of amendment of the T&C BSP aFRR

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Introduction

FEBEG wishes to thank Elia for the opportunity to ELIA's Public consultation on the proposal of amendment of the T&C BSP aFRR¹.

The comments and suggestions of FEBEG are not confidential.

Overall, FEBEG can accept the proposals of Elia, as it was part of an approach/design agreed upon in the past. **However, we like to underline the following important principles** for FEBEG in this regard. First of all, a **well-functioning market should actually neither need a RC factor nor a cap on the TCO degradation**, so we do regret that these interventions are considered. Secondly, **implementing a cap should be considered as an acceptable temporary solution** to limit the impact of the RC factor.

Detailed comments

In the past, FEBEG agreed to the compromise proposal of Elia to introduce a RC factor on per-CCTU offers. At the time this was meant to solve 2 concerns:

- The first capacity selection algorithm (per CCTU) implemented by Elia led to undesired levels of procurement costs;
- RC factor was rather seen as a way to attract new capacities (not able to deliver all CCTU product) in the aFRR market.

While FEBEG followed the market compromise, we experienced a rapid increase of liquidity and additional aFRR capacities (with per-CCTU format) over the past 2 years.

As FEBEG we no longer see the need to increase the procurement costs to attract new capacities, therefore, we can support the proposal of Elia and we are not against applying a cap on the TCO degradation. Actually, we consider that aFRR auctions are already oversupplied.

¹ https://www.elia.be/en/public-consultation/20230524_public-consultation-on-the-proposal-of-amendment-of-the-tc-bsp-afr

Finally, as a matter of principle, we believe that a well-functioning market should neither need a RC factor nor a cap on the TCO degradation. This being said, we acknowledge that dismantling those 2 concepts might be heavy in terms of IT and operations at Elia side. For that reason, we can understand the application of a cap as a pragmatic work-around.