

CONSULTATION REPORT

Report on the public consultation on the Proposal for Amendment to the T&C BSP aFRR

31/5/2024



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1. Introduction

Elia organized a public consultation from 28 February 2024 to 29 March 2024 regarding the Proposal for Amendment to the T&C BSP aFRR. Prior to this public consultation, the proposed amendments have been discussed with stakeholders during two dedicated workshops:

- the workshop that took place on 19th of September 2023¹; and
- the workshop that took place on 12th of October 2023².

The purpose of this report is to consolidate the feedback received during the public consultation and to reflect Elia's response and position.

2. Feedback received

During the public consultation, Elia received the non-confidential replies from the following parties:

- Bnewable
- BSTOR
- Centrica
- FEBEG
- Febeliec

In addition, Elia has received two confidential responses.

All non-confidential responses have been appended to this report.

3. Instructions for reading this document

This consultation report is structured as follows:

- Section 1 contains the introductory context,
- Section 2 gives an 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 related to the provided comments,
- Section 5 contains the annexes of the consultation report.

This consultation report is not a 'stand-alone' document but should be read together with the documents published for consultation, the reactions received from the market participants (annexed to this document) and the final Proposal for Amendment to the T&C BSP aFRR.

¹ The slides presented during the workshop of 19/9/2023 are available on the [Elia website](#)

² The slides presented during the workshop of 12/10/2023 are available on the [Elia website](#).

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

Subject	Stakeholder	Comment	Justification
A	B	C	D

- A. Subject matter covered by the various responses received.
- B. Stakeholder making 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.
 - 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 the terminology has been harmonized to make the report easier to read.
- D. This column contains Elia’s arguments as to why a comment was or was not included in the final Proposal for Amendment to the T&C BSP aFRR.

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
<p><i>General support for the Proposal for Amendment to the T&C BSP aFRR</i></p>	<p><i>BSTOR</i></p>	<p>BSTOR generally supports the proposals in the amendment.</p>	<p>Elia would like to thank the stakeholders for their general support for its Proposal for Amendment to the T&C BSP aFRR.</p>
	<p><i>FEBEG</i></p>	<p>As already mentioned at many occasions, the connection to Picasso is for FEBEG a very important project, and we are overall supportive of the T&C aFRR proposal. We appreciate the efforts being made by Elia to already prepare now the connection as of October, and not wait the outcome of the ACER consultation in August. We still do regret as well that so much time was needed to find a solution.</p>	
	<p><i>Febeliec</i></p>	<p>Febeliec appreciates the extensive effort from Elia and all other stakeholders to come with a supported proposal in order to be able to move forward on the T&C BSP aFRR in order to allow for connection to PICASSO, taking into account the concerns of a.o. Febeliec regarding the risk of undue cost increases at the detriment of grid tariffs.</p> <p>Febeliec wants to refer in this context to the related discussions and previous consultations and the comments it provided there.</p>	

		<p>Febeliec hopes that the proposed safeguards will be sufficient to prevent such issue, as they cover a large number of cases.</p> <p>However, not all issues are mitigated by this proposal and thus Febeliec reserves the right to ask for additional safeguards whenever negative outcomes occur which would greatly jeopardize grid security and/or increase grid costs beyond an acceptable level.</p>	
<p><i>Low-voltage participation</i></p>	<p><i>FEBEG</i></p>	<p>Regarding the participation of low voltage we note that, overall, we don't see sufficient changes in this consultation/proposal in order to allow for a positive business case for the delivery of aFRR (or other ancillary/balancing service) at low voltage level.</p>	<p>Elia takes note of the remark of FEBEG.</p> <p>Elia would first of all like to highlight that the amendments proposed to the T&C BSP aFRR in this public consultation are not the only changes that have been made for low-voltage Delivery Points. Indeed, Elia has adapted in the beginning of this year its measurement requirements, thereby significantly lowering the requirements for low-voltage Delivery Points. In addition, as part of the so-called "Document Release 1" and "Document Release 2", changes in order to remove barriers for the participation of low-voltage Delivery Points have also been proposed by the Belgian system operators (public consultation organized via Synergrid).</p> <p>In addition, Elia would like to highlight that the proposed amendments are part of the "Fast Track aFRR LV". The goal of the current amendments is to unlock as quickly as possible a maximum of potential flexibility on low-voltage level, and to give the involved stakeholders the possibility to build up experience with the low-voltage market segment such that this experience can be taken into account for further shaping the future design and processes.</p>

			In this regard, Elia would like to emphasize that it is aware that continued efforts are needed to further reduce the barriers for low-voltage Delivery Points, and that Elia wants to commit itself to continue working on lowering such barriers.
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4.2 Specific comments received during the public consultation

SUBJECT	STAKE-HOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
Implementation planning/timeline	<i>Centrica</i>	<p>The explanatory note divides implementation into four packages. Package 1 deals with connecting to PICASSO; package 2 involves changing the full activation time; package 3 shifts to a day-ahead capacity auction; and package 4 encompasses various other amendments.</p> <p>We strongly believe elements in package 4 can be launched sooner than suggested. For instance, reducing the prequalification window from 24 to 4 hours or conducting independent prequalification tests in opposite directions. This also includes modifying baselines during availability tests, preparing for low-voltage market access, introducing real-time baselines and activation methods with faster ramps.</p>	<p>Elia takes note of the remark of Centrica.</p> <p>Elia would like to emphasize that certain elements in the fourth package of proposed amendments require significant developments to be performed. For instance, enabling BSPs to reduce the ramping period during the activation/deactivation phase of a bid requires significant IT-implementations for the aFRR controller. In addition, Elia would like to clarify that it intends to limit where possible the number of separate go-lives (entry-into-force of a separate version of the T&C BSP aFRR) in order to limit the administrative workload. For these reasons, Elia maintains the proposed implementation plan.</p> <p>Regarding the possibility of performing independent prequalification tests in opposite directions, Elia would like to highlight that this is already possible. The proposed amendment in the T&C BSP aFRR is intended as a clarification to avoid there is any ambiguity related to this possibility.</p>

	<p><i>FEBEG</i></p>	<p>FEBEG is very much looking forward for the connection to PI-CASSO. It should be noted that the BSPs have made the necessary investments to implement and enable the connection to PI-CASSO 2 years ago. We therefore urge Elia to ensure that the timeline will be respected and that the connection will effectively take place in October 2024. Any further delay would simply not be acceptable for FEBEG members.</p> <p>FEBEG wants to thank Elia for this extensive consultation. Among the many topics addressed, we want to make clear that a timely connection to PICASSO is the absolute priority</p>	<p>Elia takes note of this comment of FEBEG and would like to emphasize that Elia has taken maximal measures to ensure that a safe connection to the aFRR Platform can be realized conform the communicated planning. As discussed in the WG Balancing of 21st of May this year, Elia foresees to provide a confirmation of the planning in the WG Balancing of 28th of June after having assessed possible impacts resulting from the postponement of MARI.</p>
<p>Bid price limits applicable for contracted aFRR Energy Bids</p>	<p><i>Bnewable</i></p>	<p>Bnewable welcomes the integration into the Picasso platform, giving flexibility providers direct access to a European market for their services.</p> <p>However, Bnewable wants to raise its concerns regarding the proposed price limit as explained in the consultation document. We do not agree on the necessity of a price limit for aFRR energy bids at +/- 1000 €/MWh (for contracted aFRR). Instead, we believe in an obligation for aFRR contracted capacity to bid at cost-reflective prices, without any artificial manipulation. Price cap for units which have an aFRR energy bidding obligation without regard for their costs will hamper future investments in these flexibility providing assets, especially in comparison with neighbouring countries which do not have such cap in place.</p> <p>In conclusion, Bnewable understands the need for mitigation measures in the context of the connection to the new aFRR platform but does not support fixed price caps as they will</p>	<p>Elia takes note of the comments and suggestions of Bnewable.</p> <p>First, Elia would like to highlight that the price limits for contracted aFRR Energy Bids represent bid price limits. As such, the aFRR cross border marginal price, which is used as the base for the remuneration of aFRR Energy Bids, could exceed the bid price limits applicable for contracted aFRR Energy Bids.</p> <p>Second, Elia would like to emphasize that the proposed bid price limits for contracted aFRR Energy Bids represent a temporary measure that is considered necessary to mitigate the risk of drastic cost increases for Balance Responsible Parties (BRPs) and consumers as long as there might not be sufficient competition to maintain aFRR cross-border marginal prices to acceptable levels. In this regard, Elia would like to recall the specific context for Belgium. Indeed, Belgium currently has a limited aFRR merit order that would be fully activated on a regular basis (at least up to the dimensioned volume). In case high-priced aFRR Energy Bids would be present in the local merit order, this would lead to very high prices and corresponding costs in moments where no/limited cross-zonal transmission capacity would be available (possibly when system imbalances maintain relatively limited). Considering the temporary character of the proposed measure, Elia confirms that it intends to evaluate the application of this measure based</p>

	<p>seriously hamper the business case for the development of much needed, new flexibility assets (such as behind the meter batteries).</p> <p>We therefore encourage Elia to look for alternative risk mitigation measures, such as an obligation to bid at cost-reflective prices.</p> <p>If Elia would however decide to proceed with the proposed scenario where local price caps would be implemented, the limits for energy bids and activations should always be higher than 1.000 €/MWh. An analysis, for instance, of usual activation prices in Germany could provide a more legitimate estimate on the value of aFRR energy and be used to define an alternative, more correct price cap.</p> <p>In addition, we also believe that a yearly evaluation of the defined price cap would be of value in order to monitor the impact of this market intervention</p>	<p>on objective criteria such as the degree of competition and liquidity in the Belgian and/or European market for aRR balancing energy, and to transparently discuss the approach and results of this evaluation with all stakeholders.</p> <p>Third, Elia would like to emphasize that the proposed measure follows from extensive discussions with all stakeholders and that the proposed measure is broadly supported by the vast majority of stakeholders.</p> <p>Fourth, Elia would like to highlight that the proposed price limit is in line with the previously applicable bid price limit under which massive investment projects in flexible technologies have been introduced. As such, Elia believes the proposed measure will not hamper the necessary investments in new flexibility.</p> <p>As a final point, Elia understands that REMIT legislation already contains certain obligations related to bidding, but that these obligations have not proven sufficient to avoid suspicions of strategic bidding in other countries.</p> <p>For the above reasons, Elia has maintained its proposal.</p>
	<p><i>Centrica</i></p> <p>Article 3 introduces a temporary price cap of 1.000 EUR/MWh on contracted aFRR energy bids. We understand the need to prevent price incidents but ask for more transparency on timing. The document mentions regular evaluations with CREG and the market, but lacks specifics. For our long-term contract planning, we need clear regulations. Please specify the start date of the cap, the duration of the observation period, criteria for assessing competitiveness, the consultation process and, if applicable, an implementation timeline for relaxing or removing the cap. This clarification could be included in the T&C BSP aFRR or an annexed document like the recent T&C BRP evaluation plan</p>	<p>Elia would like to thank Centrica for recognizing the need for the proposed measure.</p> <p>Elia would like to clarify that the amendments to the bid price limit (i.e., the alignment of the bid price limit for non-contracted aFRR Energy Bids with the bid price limits applicable at European level) will enter into force together with Elia's connection to the aFRR Platform (targeted early October 2024).</p> <p>With respect to the process of evaluating the need/impact of the proposed measure, Elia agrees that the approach and process needs to be further specified. In this regard, Elia believes it is important to take the necessary time to propose and discuss the ap-</p>

			<p>proach for the evaluation with all market parties and the CREG. In this regard, Elia targets to present a more specific proposal for the approach for the evaluation in the WG Balancing meeting of June '24.</p>
	<i>FEBEG</i>	<p>We understand the amendments of the T&C as strictly necessary to allow the connection to PICASSO. As mentioned before at numerous occasions, FEBEG considers that the temporary cap/floor on contracted energy bids an acceptable solution to allow for a fast and timely connection to PICASSO. This solution does not differ so much from the cap & floor on all aFRR energy bid prices which was discussed 2 years ago. While we acknowledge the efforts made to align all the stakeholders, we call for more pragmatism and to keep the focus on a connection as soon as possible.</p> <p>However, we do believe that these interventions should be limited in time and we are convinced that in the next years (2025,2026,2027) the cap/ floor should be relaxed and removed in close discussion with the market, in order to move towards the target model.</p> <p>Concretely, we propose to have a structural and recurring evaluation, for example, based on a yearly review, to examine if the thresholds should be amended or withdrawn. We also would prefer to have a fixed “phase out” date after for example 3 years, unless the need of this threshold can be clearly demonstrated.</p>	<p>Elia would like to thank FEBEG for its support of the proposed measure.</p> <p>With respect to the process of evaluating the need/impact of the proposed measure, Elia agrees that the approach and process needs to be further specified and welcomes the proposals made by FEBEG. Elia will consider the input provided by FEBEG and targets to present a more specific proposal for the approach for the evaluation in the WG Balancing meeting of June '24.</p> <p>With respect to FEBEG's proposal for a fixed “phase out” of the bid price limits for contracted aFRR Energy Bids, Elia recognizes that the target is to not apply a separate bid price limit for contracted aFRR Energy Bids. However, Elia believes introducing a fixed timeline for removing this measure is not desirable as the decision should be based on changing market conditions rather than a fixed timeline. Indeed, in case the market would evolve in a favorable way already in the next 1-2 years, Elia believes that the fixed timeline could rather lead to a delayed removal of the measure. In contrast, in case the market would not evolve in such a way that a removal of the temporary measure could be justified, the fixed timeline would have no impact on the measure but would still lead to additional complexities (e.g., in terms of the planning of future amendments of the T&C BSP aFRR).</p>
Evolution of the FAT from 7,5 minutes to 5 minutes	<i>FEBEG</i>	<p>FEBEG understands that the move to Full Activation Time 5' is necessary to comply with European balancing guidelines. We do not have fundamental remarks on this, however, we would like to</p>	<p>Elia confirms the move to the 5-min FAT is a requirement following from harmonization at European level in line with Art. 7(3) of the aFRR Implementation Framework, and understands BSPs' need to consider the volume that can be made available within the full activation time.</p>

		warn that the move to FAT 5' will most likely lead to less volumes offered by certain technologies. BSPs will adapt the volumes according to the evaluation of which power output can comply with it. We also wish to draw Elia's attention to the fact that a 5min FAT will exclude the participation of heat pumps at the low voltage.	Elia furthermore invites FEBEG to share more specific information related to the restrictions a FAT of 5 minutes would pose for heat pumps at low-voltage level.
Moving the aFRR capacity auction from D-2 to D-1	<i>FEBEG</i>	<p>We understand the proposal to move the aFRR capacity auction to D-1 as it further aligns with other balancing auctions and it is a prerequisite to implement a dynamic procurement of aFRR capacity.</p> <p>FEBEG supports this evolution, but we want to raise an operational risk for assets who may/ must participate to mFRR auctions and then be offered on the EPEX market. The operators cannot afford to face delays in the awarding process as it would jeopardize the bidding process on mFRR and EPEX for those assets. More concretely, we clearly expect the aFRR awarding and results publication to follow the happy flow and be available not later than 9h10. In very rare and exceptional circumstances, the results could be published at 9h30 but it will put a lot of stress on the teams. If results are not published by 9h30, it should trigger a second gate, but certainly not ad-hoc late operations (after 9h30) pushed on BSPs.</p>	<p>Elia thanks FEBEG for its support for the proposed amendment.</p> <p>Elia furthermore takes note of the operational risks highlighted by FEBEG in case of delays in informing BSPs about the results of the aFRR capacity auction. As shown by reality, in normal conditions the publication of the aFRR Awarded is performed within 10 minutes after the aFRR Capacity GCT. However, in exceptional moments where issues would occur during the auction, 10 minutes might not suffice in order to be able to take the necessary actions to resolve the issue, to perform the validation of results and to inform the BSPs.</p> <p>In very exceptional situations, where more severe issues would prevent informing BSPs of the auction results within about 30 minutes after the aFRR Capacity GCT, Elia agrees with FEBEG that a second gate needs to be triggered and that this is in line with the procedures currently applied. Elia has now clarified in the T&C BRP that the fallback process of using a second gate would not only be triggered in case of insufficient volumes being offered but also in case the auction results cannot be timely retrieved and/or communicated to the BSPs.</p>
aFRR activation method (possibility for the BSP to reduce the ramping period during the	<i>BSTOR</i>	For every energy bid, a Full Activation Time lower than 5 minutes may be specified, with a minute granularity. Will a FAT of 0 minutes be allowed or is there a minimum FAT > 0? As there is a 2 Time Step delay for determining the 'aFRR MW discrepancy', for eg a BESS, this should be more than enough time to supply its full power and respect the activation control rules, so BSTOR sees no reason for not allowing a FAT of 0 minutes.	With respect to the granularity of the ramping period, Elia clarifies that the $FAT_{\text{Energy Bid, activation}}$ and the $FAT_{\text{Energy Bid, deactivation}}$ can be expressed with maximally one decimal and that the minimum value that can be provided equals 0 minutes. Elia has now also clarified this in Annex 9.A of the BSP Contract aFRR.

<p>activation and de-activation phase of a bid).</p>	<p><i>Centrica</i></p>	<p>We welcome asymmetric ramps, which support energy management strategy optimisation within set time frames. We highlight the importance of enabling the option to both ramp up or down asymmetrically for increased asset management efficiency. Annex 9 introduces full activation times in minutes. This allows for more precise values like 0.2 minutes, which equals 12 seconds. We kindly ask for confirmation on the minimum allowed full activation time</p>	<p>Elia would like to thank Centrica for its support for the proposal to enable BSPs to reduce the ramping period during the activation/deactivation of a bid. Elia confirms that asymmetric ramping periods are allowed as long as i) the ramping period is smaller or equal than the default full activation time, ii) the ramping period for deactivation is smaller or equal than the ramping period for the activation of a bid.</p> <p>With respect to the granularity of the ramping period, Elia clarifies that the $FAT_{Energy Bid, activation}$ and the $FAT_{Energy Bid, deactivation}$ can be expressed with maximally one decimal and that the minimum value that can be provided equals 0 minutes. Elia has now also clarified this in Annex 9.A of the BSP Contract aFRR.</p>
	<p><i>FEPEG</i></p>	<p>Elia offers the possibility to react/deliver a (de)activation with a faster full activation time. While we welcome this possibility, we are currently lacking information to evaluate if this would be desirable for the well-functioning of the market. Indeed, it is not clear which aFRR bids will be selected, how bids with different ramp rates will be integrated in the common merit order list of Picasso and how the Elia controller will use them. We for example wonder if a more expensive bid could be activated before a cheaper one because it has a faster ramping rate. FEPEG believes that aFRR should remain a harmonized product and should not – de facto – become 2 different products i.e. one for very fast technologies and another one for technologies complying with FAT 5' but not more. We stress the fact that the selection of aFRR energy bids should strictly follow an economical merit order. Concretely, we like to underline that aFRR is one product, and should thus be treated this way. Should Elia see the need for defining 2 products, it should first determine the need for this, and treat these as such in the T&Cs. Indeed, we cannot accept the implementation of a non-transparent technico-economic merit order by Elia. Further, the Belgian imbalance</p>	<p>Elia would like to clarify that the ramping period specified by a BSP for the activation/deactivation of a bid will not be considered in the selection of aFRR Energy Bids, i.e., the selection of aFRR Energy Bids strictly happens based on the economic merit order (as described in the Balancing Rules). As such, Elia emphasizes that there is no impact on the methodology for the bid selection (based on the economic merit order) and no impact on the calculation of the imbalance price.</p> <p>However, once the selection of aFRR Energy Bids has been performed according to the economic merit order, the aFRR controller performs an additional step in which, based on the selected volume per aFRR Energy Bid, the aFRR Requested per bid is determined. The calculation of the aFRR Requested per bid today already takes into account the full activation time. With the proposed amendment, Elia proposes to enable a BSP to specify a shorter ramping period to be considered in this step. A detailed overview of the calculation of the aFRR Requested per bid is provided in Annex 10.B of the BSP Contract aFRR.</p>

		price should only be impacted by the selection of energy bids based on an economical merit order. If the selection would become technico-economical, we believe it would distort the market and be in conflict with European balancing guidelines.	
Possibility to use a real-time baseline	<i>FEPEG</i>	FEPEG supports Elia in the possibility to work with a RT baseline. It is true that the default baseline would not be applicable for certain technologies and consequently would create a barrier to entry. Introducing this RT baseline creates a level-playing field which will be at the benefits of market liquidity. We appreciate the efforts made by Elia.	Elia would like to thank FEPEG for its support for this proposal.
Amendments relative to the participation of low-voltage Delivery Points	<i>Centrica</i>	<p>The amended terms and conditions require communication at the delivery point level instead of the delivery point group level. This may hinder the expansion of low-voltage delivery points due to complex and costly implementation.</p> <p>Real-time monitoring of individual low-voltage delivery points may pose operational challenges due to their potentially high number. To minimise the impact on IT tools, we suggest alternatives for monitoring aFRR low-voltage delivery point groups in real-time by providing:</p> <ul style="list-style-type: none"> • Aggregated real-time data per low-voltage delivery point group. • 15-minute data per individual delivery point for easier energy settlement. • Granular data on request, or an audit right with data retention requirements. 	<p>Elia understands Centrica is supportive of the amendments proposed while at the same time signaling that further amendments are needed to maximally capture the potential of Delivery Points at low-voltage level.</p> <p>Elia would like to highlight that the proposed amendments indeed only form a first step towards opening the aFRR market to low-voltage Delivery Points. Elia thus acknowledges that continued efforts are needed to further reduce the barriers for low-voltage Delivery Points, among others related to communication and measurement requirements. In this regard, Elia welcomes the suggestions provided by Centrica and will look further into the proposals. However, the proposals of Centrica are considered to require a broader review and reflection of the design and as such fall outside the scope of the current consultation.</p>
	<i>FEPEG</i>	Specifically on the application of baseline to Low Voltage delivery points. FEPEG understands the logic behind opening aFRR to low-voltage delivery points. All technologies should have the possibility to participate to this market. The efforts made in	Elia would first of all like to highlight that the amendments proposed to the T&C BSP aFRR in this public consultation are not the only amendments relevant for low-voltage Delivery Points. Indeed, Elia has recently adapted its measurement requirements (information available on the Elia website , thereby significantly lowering the requirements for

		<p>amending the T&C BSP aFRR will not enable aFRR Low Voltage participation with a positive business case. We need to keep in mind the cost to deliver the service (OPEX, CAPEX) and the current metering requirements – which is still very stringent to our opinion – which are barriers to entry.</p> <p>Elia identifies the increased market liquidity as one of the most important elements but we do not see this happening following the changes in this T&C. We believe that Elia should strike a better balance between metering accuracy and cost to deliver the service.</p> <p>We would also welcome following clarification: do we understand correctly that if multiple assets in same Home/EAN are connected to the same gateway then they are all in the same pool by design as per EAN?</p> <p>While we are aware that Elia cannot test something outside of the “offered” time window (namely they cannot test when the FSP did not submit any offers) we do regret the overall impact on the customer of this monthly test and the fact that there is no compensation. This has an overall negative impact on the business case and is a barrier to offer these services.</p>	<p>low-voltage Delivery Points. In addition, as part of the so-called “Document Release 1” and “Document Release 2”, Synergrid also proposed changes in order to remove barriers for the participation of low-voltage Delivery Points (all documents from the Document Release 1 and 2 can be found on the Synergrid website).</p> <p>Elia would further like to indicate that it is aware that continued efforts are needed to further reduce the barriers for low-voltage Delivery Points (e.g., related to the prequalification process, the measurement and communication requirements), and wants to commit itself to continue working on this.</p> <p>With respect to multiple assets within a same household/EAN, Elia confirms that the current FSP-DSO Agreement requires that for a LV DP, only one DP can be registered per product/FSP and per access point. As such, it is currently indeed not possible to have multiple aFRR LV DPs for one household/EAN. The T&C BSP aFRR does not include such requirements.</p> <p>Elia finally welcomes additional information from FEBEG related to the mentioned barrier due to monthly tests.</p>
<p>Amendments relative to enabling a future application of Transfer of Energy for the aFRR market segment</p>	<p><i>FEBEG</i></p>	<p>For the specific case of the transfer of energy, FEBEG is very firm that its members should be neutralized at all times for the imbalance and the ‘vol d’énergie’ at all times. A situation where this would be (i) too complex, (ii) transfer price would be too low or (iii) even impossible by the regulation is not acceptable for FEBEG members. We ask Elia to guarantee a fair market design</p>	<p>Elia would like to thank FEBEG for its appreciation of Elia’s efforts.</p> <p>Elia takes notes of the points raised by FEBEG related to the compensation mechanisms and the complexity, and supports the need for both BRP perimeter correction and financial compensation in case of activation at all voltage level, whatever the ToE model. As regards the preference for the individual correction model (i.e. corrected model), Elia would like to emphasize that these remarks are mainly relevant in the dis-</p>

		<p>irrespective of the voltage level (TSO-connected delivery points do already compensate for the sourcing costs).</p> <p>It has been some time that FEBEG has advocated for the individual correction model as presented by Elia. The multiple BRP scheme is also a good way to tackle this issue. FEBEG wants to thank Elia for the efforts done in the past but also in the future with DSOs.</p>	<p>cussions related to the transfer of energy model. In this regard, Elia would like to emphasize that the current amendments proposed in the T&C BSP aFRR do not intend to introduce a new approach for ToE. Rather the proposed amendment intends to open the door to a future application of Transfer of Energy (with financial compensation based on correction of the metering – corrected model – or with financial compensation between the Supplier and the BSP – central model) for the aFRR market segment as of the moment the ToE Rules would be adapted in that sense, and without having additional delays that would follow from the need to amend the T&C BSP aFRR in a later stage.</p>
Granularity of capacity and energy bids	<i>BSTOR</i>	<p>In the context of Low-Voltage Delivery Point Groups requiring a minimum size of 0.1MW, BSTOR would like to propose to reduce the granularity of capacity and energy bids (all bids, not the LV ones) to 0.1MW (still respecting the minimum bid size of 1MW). This would enable much more optimal participation of small-scale capacities without integrating very large DP groups. In current situation a (group of) assets with a prequalified capacity of 1.9 MW can only bid 1 MW, while lowering the granularity to 0.1 MW would allow the full 1.9 MW. We believe it is in the interest of Elia to foster maximal participation of already prequalified assets and don't believe this would create an additional (computational) burden if minimum size bid is not lowered</p>	<p>Elia understands and supports the proposal of BSTOR to reduce the granularity of aFRR Energy Bids from 1 MW to 0,1 MW. However, Elia would like to highlight that the minimum quantity and minimum granularity of the standard aFRR balancing energy product are determined to be 1 MW in accordance with Article 7(1)(c) of the aFRR IF ("Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation").</p> <p>Considering the applicable rules for aFRR Energy Bids, Elia believes it would also not be sensible to adapt the minimum volume or granularity of the aFRR Capacity bids. The bid granularity of all standard balancing products is under review in the context of the drafting of a Network Code on Demand Response. Elia will amend its rules in accordance of the new legislation, when (and if) applicable.</p>
Amendments proposed following the 2023 study on prequalification, control and penalties for the aFRR and mFRR Services	<i>Centrica</i>	<p>We reiterate our call to speed up new incentive rules. While we acknowledge your proposed implementation plan, it's disappointing that changes related to Activation Control and MW Made Available are delayed to end of 2024, and most likely 2025.</p>	<p>Elia takes note of the comment by Centrica. Conform the implementation plan of last year's study, amendments related to the activation control and availability control are not foreseen for this proposal for amendment. However, Elia does confirm that the discussions related to this topic will be picked up again in the short term.</p>
	<i>FEBEG</i>	<p>With regards to the other amendments, most of them are related to the 2023 study on prequalification, control and penalties for the aFRR and mFRR Services, FEBEG does not intend to repeat its feedback shared in the consultation and the 3 workshops and refers to its reaction to the public consultation.</p>	<p>Elia would like to thank FEBEG for its support for the proposed modifications related to the prequalification tests.</p>

		<p>We understand and support the evolutions of the prequalification tests because it will lower the barriers to participate to aFRR market.</p> <p>However, at the time of the incentive, we clearly mentioned that the part about penalties was not sufficiently addressed (Elia indicating a lack of time to include FEBEG comments in the report submitted to the CREG). FEBEG members provided fair feedback on the calibration of the penalty, and Elia acknowledged that the points raised were valuable. The main pain point was the inclusion of the capacity remuneration in the penalty for missing energy. This is discriminatory to technologies having high reservation costs as it will unnecessarily inflate the penalty. Likewise in mFRR, capacity should not be introduced in this penalty because there is no link.</p>	<p>Regarding the discussion on incentives for the aFRR and mFRR Services, Elia confirms that it was agreed between the stakeholders, the CREG and Elia to continue discussions on the topic following the work done in 2023 such that the design may be updated in the proposals for amendments of the T&C BSP aFRR and T&C BSP mFRR following the connection to the European platforms. As such, changes related to these elements are not part of this proposal for amendment to the T&C BSP aFRR. However, Elia does confirm that the discussions related to this topic will be picked up again in the short term.</p>
Measurement requirements	<i>Centrica</i>	<p>For non-low voltage assets, we suggest incorporating the option to sum compliant meters instead of installing additional ones. This prevents unnecessary meter installations when compliant meters are available at the asset level but steering occurs at the aggregated level.</p>	<p>Elia agrees with Centrica that, similar as for mFRR, it would be acceptable to have a Delivery Point for which the measurement is determined following from an equation using several measurement devices in order to avoid potential barriers related to the cost of having to install additional measurement devices that are not strictly needed. However, Elia believes it is important that Elia can request the data from the individual measurement devices in order to verify that the calculation done by the BSP is consistent with the equation.</p> <p>Elia has proposed clarifications in Art. II.1, Annex 2.A and Annex 3 of the BSP Contract to enable this option.</p>
Amendments related to the transfer of obligation	<i>Centrica</i>	<p>We appreciate the BSP's ability to initiate a transfer of obligation closer to the concerned quarter-hour, cutting lead time from 60 to 30 minutes.</p>	<p>Elia would like to thank Centrica for their support for this proposed amendment.</p>

<p>Separation of BRP and BSP roles</p>	<p><i>Centrica</i></p>	<p>We ask for clarity on transitioning to independent BRP and BSP roles. We support your efforts to establish revised roles, as this will facilitate market entry of new technologies and participants. We also acknowledge the need for additional measures, such as the timely and precise exchange of information on activations and volume allocation. However, the ambiguity surrounding the timeline is concerning. For instance, footnote 2 of the presently consulted T&C BSP aFRR implies unified BSP and BRP roles continuing beyond the transition period. We therefore invite you to analyse possibilities of splitting BSP and BRP roles. Discussions should start after the MARI go-live, as suggested in August 2023.</p>	<p>Elia takes note of the request of Centrica. The separation of BRP and BSP roles strictly falls outside of the scope of the current Proposal for Amendment to the T&C BSP aFRR. Nevertheless, Elia confirms that the question of splitting the BSP and BRP roles has been identified and will be analyzed and discussed with the stakeholders. However, Elia believes it important to first ensure a successful connection to the European balancing platforms. In addition, the subject is intrinsically linked to balancing, Transfer of Energy and phase 2 of the iCAROS project (for the part on the split between BRP & Scheduling Agent). As such, it must be considered that a potential solution for the split of roles would likely impact several regulatory documents and hence the planning of such an evolution should be build taking into account other evolutions that are foreseen such as iCAROS phase 2.</p>
<p>Prequalification delays</p>	<p><i>Centrica</i></p>	<p>Annex 6 introduces additional requirements for prequalification tests. Under the new rules, the BSP must wait until the inclusion of delivery points is confirmed before requesting the test. This delays the process by two weeks, as the BSP can't request the prequalification test while the request to add delivery points is ongoing. We suggest removing this requirement.</p>	<p>Elia agrees with Centrica that it is not strictly necessary that all concerned Delivery Points have been added to the Pool of the BSP at the moment of requesting a prequalification test. The Delivery Points however do need to be added to the Pool of the BSP in order to submit the aFRR Energy Bid for the prequalification test.</p> <p>Elia has now proposed an amendment to Annex 6.A of the BSP Contract aFRR to clarify this.</p>
<p>Redispatch constraints</p>	<p><i>Centrica</i></p>	<p>Article II.12.4. specifies that if aFRR energy bids contain delivery points in a medium or high congestion zone (CRI), the BSP's aFRR Requested can be set to 0MW. Article II.19.8 furthermore states that delivery points in a contracted aFRR energy bid, activated for redispatching purposes, can't participate in aFRR provision during this time.</p> <p>We understand the need to ensure volume delivery and avoid opposite activations that may worsen congestion. However, these rules can lead to undue revenue losses or penalties.</p>	<p>Elia would first of all like to clarify that setting the BSP's aFRR Requested to 0 MW conform Art. II.12.4 is a highly exceptional measure that would be taken by Elia only as last resort in case a congestion would need to be solved within the quarter hour due to a grid element incident or the violation of operational limits.</p> <p>Elia would further like to clarify that in case a contracted aFRR Energy Bid contains one or more Delivery Points that are located in a zone with a medium or high CRI, the BSP is requested, conform Art. II.11.20, to make best effort to:</p> <ul style="list-style-type: none"> • Update its aFRR Energy Bid(s) in order to make available again for activation part or all of the volume of the Energy Bid. • shift the aFRR Obligation to other Delivery Points.

	<p>For instance, a single delivery point in a medium or high congestion zone (CRI) affects the whole portfolio. To mitigate this, BSPs could exclude such points from the energy bid. They would however risk aFRR Made Available penalties if the bid was tied to an aFRR Obligation.</p> <p>Similarly, when an energy bid is activated for redispatching purposes, delivery points are limited to this activation. This can cause incorrect delivery of aFRR Requested from other activated bids, risking Activation Control penalties. Consider for example a scenario where an asset offers contracted aFRR in one direction and non-contracted aFRR in the opposite direction. Or a case where an asset provides part of its maximum power in contracted aFRR and the rest in non-contracted aFRR.</p> <p>We suggest removing undue penalties in cases where BSPs reduce volume or miss activations due to delivery points in medium or high CRI zones.</p>	<p>In that regard, Elia considers that in case the aFRR Energy Bid contains a single Delivery Point located in a zone with a medium or high CRI, the BSP should first attempt to maintain the volume of the bid by shifting the aFRR Obligation to other Delivery Points. If this would not be possible, the BSP could and should update its aFRR Energy Bid, e.g., by creating one aFRR Energy Bid with the Delivery Points not impacted by a medium/high CRI and another aFRR Energy Bid with the Delivery Point impacted by the medium/high CRI. As such, the BSP would not be exposed to incentives related to aFRR Made Available while at the same time maximizing the volume available for activation (and hence its possible revenues).</p> <p>Regarding the cases where an aFRR Energy Bid would be activated for redispatching purposes:</p> <ul style="list-style-type: none"> • Elia would first of all like to emphasize that only contracted aFRR Energy Bids related to DP_{SU} can be activated for redispatching purposes and that this process would only be used in exceptional cases. • Second, in case a contracted aFRR Energy Bid related to DP_{SU} would be activated for redispatching purposes, this bid as well as an aFRR Energy Bid linked to this bid in the opposite direction are automatically set to unavailable. In the highly specific case where a BSP would have a contracted aFRR Energy Bid that would be activated for Redispatching purposes and the same DP_{SU} is used in both a contracted and a non-contracted aFRR Energy Bid in the opposite direction, the BSP can set the volume of the bid(s) that is (are) not linked to the bid activated for redispatching purposes to zero in accordance with Art. II.11.12. As such, the BSP would not be exposed to the activation control. • Third, in case a contracted aFRR Energy Bid related to DP_{SU} in a given direction would be activated for redispatching purposes and the BSP would also have a non-contracted aFRR Energy Bid in the same direction and using the same DP_{SU}, Elia would like to clarify that the available non-contracted volume should in such a case also be offered as a Redispatch bid and would hence be
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			<p>activated before the activation of a contracted aFRR Energy Bid for redispatching purposes would be considered. In case the redispatching bid would be activated, the BSP could again reduce the volume of the non-contracted Energy Bid to 0 in accordance with Art. II.11.12. As a result, BSP would again not be exposed to the activation control.</p>
<p>Response time for market surveillance requests</p>	<p><i>Centrica</i></p>	<p>Article II.2 reduces the response time for market surveillance requests from ten to seven working days. While provisions regarding surveillance for suspicious market behavior are essential, the proposed response time may pose operational challenges. We recommend retaining a ten working day delay to provide sound justifications. This aligns with similar provisions for electricity wholesale markets, striking a better balance between market monitoring needs and practicalities for market participants.</p>	<p>ELIA understands Centrica’s comment. However, in ACER's REMIT guidance (§8.3.3), it is stated that PPAT (as ELIA) has a maximum of 4 weeks after the occurrence of the event to notify NRA. Within these 4 weeks, ELIA requires a lead time of 13 working days to be able to:</p> <ul style="list-style-type: none"> • properly identify the event; and • perform an in-depth analysis; and • send a request for explanations to the BSP; and • carry out a detailed analysis of the BSP’s response; and • notify the CREG. <p>This timing is necessary to allow ELIA to carry out appropriate and complete analysis through the whole process.</p>

5. Next steps

On the basis of the feedback received from market players and Elia’s response, as set out in this consultation report, Elia has adapted its Proposal for Amendment to the T&C BSP aFRR and submitted the proposal to the CREG.

6. Attachments

Contact

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ELIA PUBLIC CONSULTATION ON THE PROPOSAL FOR AMENDING THE T&C BSP aFRR.

Bnewable, as an emerging Belgian energy company specialising in (behind-the-meter) hybrid battery storage systems, we would like to express it sincere appreciation for the opportunity to participate in the **public consultation regarding the proposed amendments to the T&C BSP aFRR**. We are pleased that Elia is committed to transparency and involvement of diverse market participants, including newcomers like us.

First and foremost, we want to emphasize that our contribution to this consultation is **non-confidential**, and we would appreciate its inclusion in the consultation report.

As a new player in the Belgian market, we hold the belief that Elia, in his role as Belgian network operator and market facilitator, should **strive to eliminate any form of barrier hindering the integration of various forms of flexibility in the market**. Seamless and efficient access to markets for smaller and new players is crucial to fully unlock the potential of flexibility resources, promote energy efficiency, and simultaneously reduce system costs.

Consequently, Bnewable welcomes the integration into the Picasso platform, giving flexibility providers direct access to a European market for their services.

However, Bnewable wants to raise its concerns regarding the **proposed price limit** as explained in the consultation document.

We do not agree on the necessity of a price limit for aFRR energy bids at +/- 1000 €/MWh (for contracted aFRR). Instead, we believe in an obligation for aFRR contracted capacity to bid at cost-reflective prices, without any artificial manipulation. Price cap for units which have an aFRR energy bidding obligation without regard for their costs will hamper future investments in these flexibility providing assets, especially in comparison with neighbouring countries which do not have such cap in place.

In conclusion, Bnewable understands the need for mitigation measures in the context of the connection to the new aFRR platform but **does not support fixed price caps as they will seriously hamper the business case for the development of much needed, new flexibility assets** (such as behind the meter batteries).

We therefore encourage Elia to look for **alternative risk mitigation measures**, such as an obligation to bid at cost-reflective prices.

If Elia would however decide to proceed with the proposed scenario where local price caps would be implemented, the limits for energy bids and activations should always be higher than 1.000 €/MWh.

An analysis, for instance, of usual activation prices in Germany could provide a more legitimate estimate on the value of aFRR energy and be used to define an alternative, more correct price cap. In addition, we also believe that a yearly evaluation of the defined price cap would be of value in order to monitor the impact of this market intervention.

Bnewable is and remains off course fully available for further discussions on the positions as outlined in this reaction and is willing to actively contribute and cooperate with Elia to unlock the full potential of behind-the-meter flexibility.



Answer from BSTOR SA/NV to the public consultation on a proposal for amendment of the T&C BSP aFRR

BSTOR SA/NV (“BSTOR”) welcomes the opportunity given by Elia to provide feedback and would like to thank Elia for their efforts to provide clarity and transparency on the proposal.

Please find below BSTOR contribution to the consultation. This answer can be considered as non-confidential.

1 BSTOR

BSTOR SA/NV is the battery storage assets origination, development, financing and operation vehicle from Ackermans & van Haaren, the SRIW-Environnement and Bruno Vanderschueren.

BSTOR owns 75% of ESTOR-LUX SA, the « Special Purpose Vehicle » owner of the ESTOR-LUX project in Bastogne (10MW / 20MWh), Belgium’s first battery park connected to the high voltage grid.

BSTOR aims to develop a pipeline of at least 150 MW of storage battery capacity, established on several sites, with the objective of concluding the financial close by 2024 and ensuring its commissioning by 2026.

2 Answer to the consultation

BSTOR generally supports the proposals in the amendment, and has one question and one request.

- For every energy bid, a Full Activation Time lower than 5 minutes may be specified, with a minute granularity. Will a FAT of 0 minutes be allowed or is there a minimum FAT > 0? As there is a 2 Time Step delay for determining the ‘aFRR MW discrepancy’, for eg a BESS, this should be more than enough time to supply its full power and respect the activation control rules, so BSTOR sees no reason for not allowing a FAT of 0 minutes.
- In the context of Low-Voltage Delivery Point Groups requiring a minimum size of 0.1MW, BSTOR would like to propose to reduce the granularity of capacity and energy bids (all bids, not the LV ones) to 0.1MW (still respecting the minimum bid size of 1MW). This would enable much more optimal participation of small-scale capacities without integrating very large DP groups. In current situation a (group of) assets with a prequalified capacity of 1.9 MW can only bid 1 MW, while lowering the granularity to 0.1 MW would allow the full 1.9 MW. We believe it is in the interest of Elia to foster maximal participation of already prequalified assets and don’t believe this would create an additional (computational) burden if minimum size bid is not lowered.

Alexandre Torreele, Kris Poncelet, Sybille Mettens

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29 March 2024

Consultation on the amended Terms & Conditions for aFRR

Dear Sybille, Alexandre, Kris,

For years, Elia has prepared to join the European balancing platform, PICASSO. Your organisation has also aligned with the aFRR Implementation Framework and explored better activation and baseline methods.

Facing such significant changes, industry must weigh its options carefully. Shifting to pay-as-cleared, moving the capacity auction to day-ahead, and cutting the full activation time could impact market efficiency and consumer costs.

At Centrica, we're keen to provide insights into these changes. Our feedback aligns with past working group discussions and consultations.

Deciding on a way forward

- We support improving transfer of obligation and activation methods.
- We kindly ask you to clarify timelines and speed up operational rule changes.
- We urge you to remove barriers like communication and metering requirements, prequalification delays, redispatch constraints, and shortened response times.

Actions

When finalising the terms and conditions, please enable the option to ramp up or down asymmetrically and clarify rules around the full activation time – this will enhance asset management efficiency. Clarify timelines around the temporary price cap and separation of roles, release package 4 changes early, and accelerate incentive adjustments for better market adaptability. Review communication and metering needs, reduce prequalification delays, address redispatch constraints, and allow sufficient response time for surveillance requests. This should be done ahead of opening the market to low-voltage and connecting to European neighbours.

Your consideration of industry views is crucial to improve balancing reserves and control consumer costs. Please contact us for any further clarification.

Yours sincerely,

Patrick Adigbli
Regulatory Affairs & Policy
patrick.adigbli@centrica.com

We support improving transfer of obligation and activation methods.

Section II.9 and Annex 8, along with Section II.1 and Annex 9, deal with transfer of obligation and activation methods.

We appreciate the BSP's ability to initiate a transfer of obligation closer to the concerned quarter-hour, cutting lead time from 60 to 30 minutes. We also welcome asymmetric ramps, which support energy management strategy optimisation within set time frames.

We highlight the importance of enabling the option to both ramp up or down asymmetrically for increased asset management efficiency. Annex 9 introduces full activation times in minutes. This allows for more precise values like 0.2 minutes, which equals 12 seconds. We kindly ask for confirmation on the minimum allowed full activation time.

We kindly ask you to clarify timelines and speed up operational rule changes.

Temporary price cap

Article 3 introduces a temporary price cap of 1.000 EUR/MWh on contracted aFRR energy bids. We understand the need to prevent price incidents but ask for more transparency on timing. The document mentions regular evaluations with CREG and the market, but lacks specifics.

For our long-term contract planning, we need clear regulations. Please specify the start date of the cap, the duration of the observation period, criteria for assessing competitiveness, the consultation process and, if applicable, an implementation timeline for relaxing or removing the cap. This clarification could be included in the T&C BSP aFRR or an annexed document like the recent T&C BRP evaluation plan.

Role separation

We ask for clarity on transitioning to independent BRP and BSP roles. We support your efforts to establish revised roles, as this will facilitate market entry of new technologies and participants. We also acknowledge the need for additional measures, such as the timely and precise exchange of information on activations and volume allocation. However, the ambiguity surrounding the timeline is concerning. For instance, footnote 2 of the presently consulted T&C BSP aFRR implies unified BSP and BRP roles continuing beyond the transition period. We therefore invite you to analyse possibilities of splitting BSP and BRP roles. Discussions should start after the MARI go-live, as suggested in August 2023.

Package 4 timing

The explanatory note divides implementation into four packages. Package 1 deals with connecting to PICASSO; package 2 involves changing the full activation time; package 3 shifts to a day-ahead capacity auction; and package 4 encompasses various other amendments.

We strongly believe elements in package 4 can be launched sooner than suggested. For instance, reducing the prequalification window from 24 to 4 hours or conducting independent prequalification tests in opposite directions. This also includes modifying baselines during availability tests, preparing for low-voltage market access, introducing real-time baselines and activation methods with faster ramps.

Incentive planning

We reiterate our call to speed up new incentive rules. While we acknowledge your proposed implementation plan, it's disappointing that changes related to Activation Control and MW Made Available are delayed to end of 2024, and most likely 2025.

We urge you to remove barriers like communication and metering requirements, prequalification delays, redispatch constraints, and shortened response times.

Communication and metering requirements

The amended terms and conditions require communication at the delivery point level instead of the delivery point group level. This may hinder the expansion of low-voltage delivery points due to complex and costly implementation.

Real-time monitoring of individual low-voltage delivery points may pose operational challenges due to their potentially high number. To minimise the impact on IT tools, we suggest alternatives for monitoring aFRR low-voltage delivery point groups in real-time by providing:

- Aggregated real-time data per low-voltage delivery point group.
- 15-minute data per individual delivery point for easier energy settlement.
- Granular data on request, or an audit right with data retention requirements.

Additionally, for non-low voltage assets, we suggest incorporating the option to sum compliant meters instead of installing additional ones. This prevents unnecessary meter installations when compliant meters are available at the asset level but steering occurs at the aggregated level.

Prequalification delays

Annex 6 introduces additional requirements for prequalification tests. Under the new rules, the BSP must wait until the inclusion of delivery points is confirmed before requesting the test. This delays the process by two weeks, as the BSP can't request the prequalification test while the request to add delivery points is ongoing. We suggest removing this requirement.

Redispatch constraints

Article II.12.4. specifies that if aFRR energy bids contain delivery points in a medium or high congestion zone (CRI), the BSP's aFRR Requested can be set to 0MW. Article II.19.8 furthermore states that delivery points in a contracted aFRR energy bid, activated for redispatching purposes, can't participate in aFRR provision during this time.

We understand the need to ensure volume delivery and avoid opposite activations that may worsen congestion. However, these rules can lead to undue revenue losses or penalties.

For instance, a single delivery point in a medium or high congestion zone (CRI) affects the whole portfolio. To mitigate this, BSPs could exclude such points from the energy bid. They would however risk aFRR Made Available penalties if the bid was tied to an aFRR Obligation.

Similarly, when an energy bid is activated for redispatching purposes, delivery points are limited to this activation. This can cause incorrect delivery of aFRR Requested from other activated bids, risking Activation Control penalties. Consider for example a scenario where an asset offers contracted aFRR in one direction and non-contracted aFRR in the opposite direction. Or a case where an asset provides part of its maximum power in contracted aFRR and the rest in non-contracted aFRR.

We suggest removing undue penalties in cases where BSPs reduce volume or miss activations due to delivery points in medium or high CRI zones.

Shortened response times

Article II.2 reduces the response time for market surveillance requests from ten to seven working days. While provisions regarding surveillance for suspicious market behavior are essential, the proposed response time may pose operational challenges. We recommend retaining a ten working day delay to provide sound justifications. This aligns with similar provisions for electricity wholesale markets, striking a better balance between market monitoring needs and practicalities for market participants.

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

Date: 29 March 2024

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Introduction

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

The comments and suggestions of FEBEG are not confidential.

FEBEG notes that Elia wishes to address the below topics in this consultation:

- Connection to the aFRR Platform
- Reduction of the full activation time to 5 minutes
- Moving the capacity auction from D-2 to D-1
- Method for activating aFRR energy bids
- Possibility to use a real-time baseline
- Participation of low-voltage Delivery Points
- Enabling a future application of Transfer of Energy for the aFRR market segment
- Other smaller amendments.

We like to address the Low-voltage and TOE topics separately from the more operational topics of the consultation.

Main comments

We appreciated a lot the explanatory notes which give an excellent overview of the proposed changes. The efforts made to distinguish the different scopes of the consultation with color-codes are really welcome, in addition to the clear inclusion of the articles that are changed in the T&C.

As already mentioned at many occasions, the connection to Picasso is for FEBEG a very important project, and we are overall supportive of the T&C aFRR proposal. We appreciate the efforts being made by Elia to already prepare now the connection as of October, and not wait the outcome of the ACER consultation in August. We still do regret as well that so much time was needed to find a solution

¹ https://www.elia.be/en/public-consultation/20240228_public-consultation-on-the-proposal-for-amendment-to-the-tc-bsp-afr

Regarding the participation of low voltage we note that, overall, we don't see sufficient changes in this consultation/proposal in order to allow for a positive business case for the delivery of aFRR (or other ancillary/balancing service) at low voltage level.

Detailed comments

Connection to Picasso

FEBEG is very much looking forward for the connection to PICASSO. It should be noted that the BSPs have made the necessary investments to implement and enable the connection to PICASSO 2 years ago. We therefore urge Elia to ensure that the timeline will be respected and that the connection will effectively take place in October 2024. Any further delay would simply not be acceptable for FEBEG members.

We understand the amendments of the T&C as strictly necessary to allow the connection to PICASSO. As mentioned before at numerous occasions, FEBEG considers that the temporary cap/floor on contracted energy bids an acceptable solution to allow for a fast and timely connection to PICASSO. This solution does not differ so much from the cap & floor on all aFRR energy bid prices which was discussed 2 years ago. While we acknowledge the efforts made to align all the stakeholders, we call for more pragmatism and to keep the focus on a connection as soon as possible.

However, we do believe that these interventions should be limited in time and we are convinced that in the next years (2025,2026,2027) the cap/ floor should be relaxed and removed in close discussion with the market, in order to move towards the target model.

Concretely, we propose to have a structural and recurring evaluation, for example, based on a yearly review, to examine if the thresholds should be amended or withdrawn. We also would prefer to have a fixed "phase out" date after for example 3 years, unless the need of this threshold can be clearly demonstrated.

FEBEG will comment the elastic demand in the specific consultation that will soon be launched by Elia.

aFRR activation – FAT – 5 min.

FEBEG understands that the move to Full Activation Time 5' is necessary to comply with European balancing guidelines. We do not have fundamental remarks on this, however, we would like to warn that the move to FAT 5' will most likely lead to less volumes offered by certain technologies. BSPs will adapt the volumes according to the evaluation of which power output can comply with it. We also wish to draw Elia's attention to the fact that a 5min FAT will exclude the participation of heat pumps at the low voltage.

Elia offers the possibility to react/deliver a (de)activation with a faster full activation time. While we welcome this possibility, we are currently lacking information to evaluate if this would be desirable for the well-functioning of the market. Indeed, it is not clear which aFRR bids will be selected, how bids with different ramp rates will be integrated in the common merit order list of Picasso and how the Elia controller will use them. We for example wonder if a more expensive bid could be activated before a cheaper one because it has a faster ramping rate. FEBEG believes that aFRR should remain a harmonized product and should not – de facto – become 2 different products i.e. one for very fast technologies and another one for technologies complying with FAT 5' but not more. We stress the fact that the selection of aFRR energy bids should strictly follow an economical merit order. Concretely, we like to underline that aFRR is one product, and should thus be treated this way. Should Elia see the need for defining 2 products, it should first determine the need for this, and treat these as such in the T&Cs. Indeed, we cannot accept the implementation of a non-transparent technico-economic merit order by Elia.

Further, the Belgian imbalance price should only be impacted by the selection of energy bids based on an economical merit order. If the selection would become technico-economical, we believe it would distort the market and be in conflict with European balancing guidelines.

D-2 vs. D-1

We understand the proposal to move the aFRR capacity auction to D-1 as it further aligns with other balancing auctions and it is a prerequisite to implement a dynamic procurement of aFRR capacity.

FEBEG supports this evolution, but we want to raise an operational risk for assets who may/must participate to mFRR auctions and then be offered on the EPEX market. The operators cannot afford to face delays in the awarding process as it would jeopardize the bidding process on mFRR and EPEX for those assets. More concretely, we clearly expect the aFRR awarding and results publication to follow the happy flow and be available not later than 9h10. In very rare and exceptional circumstances, the results could be published at 9h30 but it will put a lot of stress on the teams. If results are not published by 9h30, it should trigger a second gate, but certainly not ad-hoc late operations (after 9h30) pushed on BSPs.

Real Time Baseline

FEBEG supports Elia in the possibility to work with a RT baseline. It is true that the default baseline would not be applicable for certain technologies and consequently would create a barrier to entry. Introducing this RT baseline creates a level-playing field which will be at the benefits of market liquidity. We appreciate the efforts made by Elia.

Low voltage delivery points

Specifically on the application of baseline to Low Voltage delivery points. FEBEG understands the logic behind opening aFRR to low-voltage delivery points. All technologies should have the possibility to participate to this market. The efforts made in amending the T&C BSP aFRR will not enable aFRR Low Voltage participation with a positive business case. We need to keep in mind the cost to deliver the service (OPEX, CAPEX) and the current metering requirements – which is still very stringent to our opinion – which are barriers to entry.

Elia identifies the increased market liquidity as one of the most important elements but we do not see this happening following the changes in this T&C. We believe that Elia should strike a better balance between metering accuracy and cost to deliver the service.

We would also welcome following clarification: do we understand correctly that if multiple assets in same Home/EAN are connected to the same gateway then they are all in the same pool by design as per EAN?

While we are aware that Elia cannot test something outside of the “offered” time window (namely they cannot test when the FSP did not submit any offers) we do regret the overall impact on the customer of this monthly test and the fact that there is no compensation. This has an overall negative impact on the business case and is a barrier to offer these services.

Transfer of Energy

For the specific case of the transfer of energy, FEBEG is very firm that its members should be neutralized at all times for the imbalance and the ‘vol d’énergie’ at all times. A situation where this would be (i) too complex, (ii) transfer price would be too low or (iii) even impossible by the regulation is not acceptable for FEBEG members. We ask Elia to guarantee a fair market design irrespective of the voltage level (TSO-connected delivery points do already compensate for the sourcing costs).

It has been some time that FEBEG has advocated for the individual correction model as presented by Elia. The multiple BRP scheme is also a good way to tackle this issue. FEBEG wants to thank Elia for the efforts done in the past but also in the future with DSOs.

With regards to the other amendments, most of them are related to the 2023 study on prequalification, control and penalties for the aFRR and mFRR Services, FEBEG does not intend to repeat its feedback shared in the consultation and the 3 workshops and refers to its reaction to the public consultation².

² FEBEG comments on ELIA’s public consultation on the prequalification, control, and penalties for the aFRR and mFRR services (23/10/2023)

Other topics: penalties and prequalification

We understand and support the evolutions of the prequalification tests because it will lower the barriers to participate to aFRR market. However, at the time of the incentive, we clearly mentioned that the part about penalties was not sufficiently addressed (Elia indicating a lack of time to include FEBEG comments in the report submitted to the CREG). FEBEG members provided fair feedback on the calibration of the penalty, and Elia acknowledged that the points raised were valuable. The main pain point was the inclusion of the capacity remuneration in the penalty for missing energy. This is discriminatory to technologies having high reservation costs as it will unnecessarily inflate the penalty. Likewise in mFRR, capacity should not be introduced in this penalty because there is no link.

Conclusion

FEBEG wants to thank Elia for this extensive consultation. Among the many topics addressed, we want to make clear that a timely connection to PICASSO is the absolute priority.

Febeliec answer to the Elia consultation on the proposal of amendments of the T&C BSP aFRR

Febeliec would like to thank Elia for this consultation on its proposal of amendments of the T&C BSP aFRR.

Febeliec appreciates the extensive effort from Elia and all other stakeholders to come with a supported proposal in order to be able to move forward on the T&C BSP aFRR in order to allow for connection to PICASSO, taking into account the concerns of a.o. Febeliec regarding the risk of undue cost increases at the detriment of grid tariffs.

Febeliec wants to refer in this context to the related discussions and previous consultations and the comments it provided there. Febeliec hopes that the proposed safeguards will be sufficient to prevent such issue, as they cover a large number of cases.

However, not all issues are mitigated by this proposal and thus Febeliec reserves the right to ask for additional safeguards whenever negative outcomes occur which would greatly jeopardize grid security and/or increase grid costs beyond an acceptable level.