

Subject: FEBEG's position regarding the public consultation on the proposal of amendment of the imbalance tariff

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Introduction

FEBEG wishes to thank Elia for the opportunity to react to the *Public consultation on a proposal for modification of the tariff for maintaining and restoring the residual balance of individual BRPs*¹. The comments and suggestions of FEBEG are not confidential.

Connection to MARI

First of all, we understand that if Elia had managed to connect to the MARI platform, as set out in the Elia roadmap, we would not be in the current situation and this consultation would not be needed. Indeed, the connection to MARI would allow the activation of foreign energy bids to be included in the imbalance price (as well as reflected in the CBMP).

In this perspective, it is worrying to see Elia putting its efforts on adjusting the previous imbalance price and imposing a public consultation on a very short notice instead of connecting promptly to the MARI platform.

Secondly, we want to remind that the BSP remuneration (MIP/MDP) does not include the inter-TSO activations in the marginal price. FEBEG believes that the situation in which on the one hand, an inter-TSO component is included in the imbalance price (in order not to expose Elia to a negative balancing margin) and to have on the other hand, this component excluded from the BSP remuneration (creating a positive balancing margin for Elia) is not an equilibrated situation. Elia often refers to the crucial need to have BRPs able to balance their portfolio. We want to remind that those BRPs are often BSP at the same time. **This discrepancy between BRP and BSP financial exposure – which is not the targeted design as of MARI connection – is not acceptable for FEBEG.**

Finally, this consultation is the consequence of two problems created by Elia. One problem is an incorrect description of the imbalance price in the BRP contract. Second problem is Elia not following its own roadmap. **Febeg reasonably questions why Elia would not live with the consequences of these points instead of imposing a public consultation and proposing an unbalanced temporary quick fix.**

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

Need for an accurate imbalance price publication in real-time

In its consultation paper, Elia raised two concerns of the imbalance price not reflecting the marginal prices: (i) incentive on BRP coverage and (ii) geographical spread/arbitrage between countries of the uncongested area. FEBEG wants to emphasize the need to have accurate imbalance price publications in real-time (and not ex-post). An inaccurate imbalance price published in real-time has an additional side effect not mentioned in the note: in the situation where the imbalance price would be published with a value of (e.g.) –300 Eur/MWh, it will prevent units with lower activation/ strike price to be activated. In other words, units with an activation cost lower than the published imbalance price in real-time risk to not be activated. We urge Elia to publish in real-time an accurate imbalance price, which gives the right incentives to market parties (without ex-post correction (up to one month later)). Publications of UMM on Elia IIP does not cover the issue raised in this paragraph.

Adders

FEBEG understands that Elia wants to solve the negative balancing margin by introducing an additional adder (alpha') in the tariff proposal. **We would like to remind that FEBEG has always strongly opposed – for principle reasons – against adders** (alpha, omega, etc). Hence, FEBEG certainly opposes the improper use of an adder to solve a hiatus in the imbalance price formula: FEBEG prefers this issue to be solved in a clean and balanced way in respectively the T&C BRP and T&C BSP mFRR.

FEBEG's requests and conclusions

1/ **Connection to MARI & PICASSO should follow asap** and FEBEG urges Elia to follow its own roadmap. We can only regret the high pressure put on market participants for keeping the ambitious deadline of iCAROS, but at the same time ELIA not respecting its commitments.

2/ Given that we understand that it is no longer possible to stick to the ELIA roadmap, and connect to MARI before summer, **FEBEG urges ELIA to align the BSP and BRP remuneration in a way that it does not create an unjustified balancing margin**. The preferred option is to include the inter-TSO activation in the marginal price remuneration to the BSP because it will be in line with the target market design when ELIA will be connected to MARI.

- If this is not possible (hence: Elia could not amend the marginal price in the BSP remuneration), we believe there would be no basis to amend the current formulas of imbalance price in such a case. We prefer in this case this issue to be solved with the connection to MARI/PICASSO instead of introducing a temporary and unequilibrated work-around. If it is decided to go for the option where inter-TSO is included in both imbalance price (for BRPs) and marginal price (for BSPs), we ask Elia to amend the imbalance price within the T&C BRP (Article 30.4 which states that *"mFRR Technical Go-Live: means the moment of entry into force of the "Balancing*

service providers Contract for the manual Frequency Restoration Reserve (mFRR) Service" developed in the context of the accession of Elia to the mFRR-Platform.").
Inter-TSO should be added as one of the component in the MIP - MDP formula.

3/ FEBEG urges Elia to make accurate IP publications in real-time (and not ex-post).