

To: Raf Gheuens, Kris Poncelet, Nicolas Pierreux – Elia

18 November 2024

## **Consultation on the amended Terms & Conditions for FCR**

Dear Nicolas, Kris, Raf,

In June 2021, European regulators approved the additional properties for the Frequency Containment Reserve (FCR), in line with the system operation guidelines (SOGL). Elia suggests to adopt these properties through an amendment to the terms and conditions for balancing service providers for FCR (T&C FCR).

At Centrica, we welcome the opportunity to respond to this consultation. While we generally support the amended terms, we have specific concerns regarding the reserve mode and assets with technical limitations. This aligns with our feedback in May 2022 and our input during the June 2024 workshop.

### **Clarify the applicability of the Reserve Mode for limited energy reservoir assets**

The amended terms introduce a reserve mode to avoid depletion or saturation of assets with a limited energy reservoir (LER) during alert states. We suggest clarifying in articles II.6 and II.11 as well as Annexes 6 and 11.B that LER delivery points prequalified before the amended T&C FCR take effect will be exempt from this requirement, as noted in the June workshop.

The T&C FCR are also unclear on several points. They do not specify how the reserve mode applies to providing groups with both LER and non-LER, or to newly prequalified LER delivery points joining a providing group with existing LER assets. Additionally, the T&C FCR do not clarify how non-prequalified LER assets joining a providing group will be managed, or how the reserve mode applies when a group so far exempted from the requirement renews its prequalification after five years. We would welcome further details on these points to ensure regulatory certainty.

### **Preserve service quality and competition by limiting prequalification of assets with technical limitations**

We disagree with the proposal in Article II.11, allowing assets with technical limitations, such as non-linear or delayed response, to request prequalification. Although the additional properties provide this possibility to system operators, we believe it undermines service quality and competition on a level playing field. In a context with increasing renewable generation and lower inertia, it seems counter-intuitive to facilitate market access for assets with slower or non-linear responses, instead of ensuring compliance with the FCR standard and incentivizing faster responding assets. If such assets are to be prequalified, we recommend at least derating the prequalified volume to account for technical limitations.

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

Yours sincerely,

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