

CONSULTATION REPORT

Report on the proposed amendments to the T&C BSP FCR

17/12/2024



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1. Introduction

Elia organized a public consultation from 18 October to 18 November 2024 regarding the Proposal for Amendment to T&C BSP FCR. Prior to this public consultation, the proposed amendments have been discussed with stakeholders during a dedicated workshop that took place on the 21st of June 2024.

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:

- Centrica;
- FEBEG;
- Febeliec;

In addition, Elia received a confidential reply from one other party.

All 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 FCR.

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

Subject	Stakeholder	Comment	Justification
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A	B	C	D
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- 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 Terms and Conditions.

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 feedback	FEBELIEC	Febeliec has at this point no specific comments regarding the proposed amendments to the T&C BSP FCR, but insists that a balance is maintained between providing more possibilities for new BSPs and/or assets to start delivering FCR on the one hand, to promote market development and more competition and then hopefully lower prices, and ensuring that requirements remain strong enough to ensure the correct delivery of the service on the other hand.	Elia takes note of the remark of FEBELIEC and would like to highlight that the planned next amendments include topics aimed to provide more possibilities for BSPs.
	Centrica Energy	Centrica generally supports the amended terms.	Elia would like to thank Centrica Energy for the overall support for the proposed modifications.
	FEBEG	<p>FEBEG appreciates the clarity of the documents under consultation. The design note provides clear explanation on the design changes for FCR and indicates which parts of the T&C are amended.</p> <p>FEBEG understands the evolutions presented in this consultation are a consequence of the modifications in SO Regulation requested by Commission Regulation EU.</p> <p>FEBEG members have been consulted previously and we do not consider relevant to provide comments on the introduction of the additional properties in this consultation launched by Elia. However, we find important that the changes in SO regulation are correctly translated in the T&C FCR. Those change will require some implementation and to follow new rules. The changes in the T&C must be crystal-clear to avoid confusions on the rules.</p>	Elia thanks FEBEG for their support and acknowledges the importance of the clarity of the amendments in the T&C.

4.2 Specific comments received during the public consultation

SUBJECT	STAKE-HOLDER	FEEDBACK RECEIVED	ELIA'S VIEW
	FEBELIEC	Febeliec strongly supports the new proposed Art. II.2.5 & Art. II.2.6, where Elia is required to notify the CREG in case of any suspicious BSP behavior and/or behavior that might bring prejudice to the market functioning.	Elia recognizes the support of Febeliec regarding these articles.
Delivery Point with Limited Energy Reservoir	FEBEG	<p>The changes presented in the documents seems very targeted for battery storages (BESS). FEBEG wants to remind that Limited Energy Reservoirs can be other technologies than BESS.</p> <p>The design note and the T&C FCR often refers to the concept of State of Charge (SoC). We have two comments. Firstly, there is no definition corresponding to SoC which leaves it open for interpretation. Secondly, State of Charge is relevant information for battery storage (BESS) but LER is wider than BESS only.</p> <p>The design note and the T&C's do not refer to the efficiency of a LER. This means the percentage of the percentage of additional energy to recharge LER (e.g. recharging 100 MWh could 'consume' up to 115 MWh). FEBEG is asking if it is intentional not to include this element?</p> <p>Similarly, some BESS have quite large Energy to Power ratio (e.g. 100 MW and 400 MWh, which is a ratio equal to 4) with long ability to deliver energy in one direction. Can we consider these are exempted from the amendments under consultation?</p>	<p>Elia would like to acknowledge that Limited Energy Reservoirs can be other technologies than BESS.</p> <p>Elia understands the need for a clear definition of the concept of State of Charge and has added this in the proposed amendments of the T&C BSP FCR.</p> <p>Elia understands the feedback that LER is wider than BESS and would like to invite FEBEG to share more specific information on of Delivery Points with Limited Energy Reservoir that cannot define their SoC and would deliver FCR.</p> <p>The proposed rated to prequalified power ratio for LER DPs ratio does not account for efficiency. Elia considers that most batteries have an efficiency that allows them to deliver the FCR Service using this ratio. For assets with an efficiency that require the BSP to deviate from this ratio in order to fulfill the obligations of the FCR Service, the BSP has to demonstrate their ability to provide the FCR Service in their Energy Management Strategy.</p> <p>With respect to the larger Energy to Power ratios, Elia would like to refer to the definition of Delivery Point with Limited Energy Reservoir (DP LER) that clearly states when a Delivery Point is considered a DP LER. This definition can be found in the Additional Properties and is translated in the proposed amendments of the T&C BSP FCR.</p>

<p>Reserve Mode for limited energy reservoir assets</p>	<p>FEPEG</p>	<p>We were also wondering whether targeted units by additional properties which are already prequalified would need to prequalify again (at the moment T&C enter into force)?</p>	<p>With regards to the re-prequalification after 5 years, Elia would like to clarify that all Providing Groups that have been prequalified before the entry-into-force of the T&C, do not need to implement Reserve Mode, even after re-prequalification.</p>
	<p>Centrica Energy</p>	<p>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.</p> <p>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.</p>	<p>With regards to the application of reserve mode to providing groups with both LER and non-LER, or to newly prequalified LER delivery points joining a providing group with existing LER assets, Elia would like to clarify that all providing groups containing DP that should have reserve mode implemented, must apply reserve mode. If a BSP decides to combine previously prequalified LER and newly prequalified FCR in one providing group, Reserve Mode must be applied on the entire providing group.</p> <p>For providing groups containing both non-LER and newly prequalified LER, Elia considers the providing group LER and the FCR Requested shall be calculated accordingly. However, Elia would like to remind the BSPs that the minimum activation period of 25 minutes in Alert State is a minimum requirement, and DPs that can continue to deliver FCR after this minimum period are required to do so. If Elia notices a failure to do so, they can request a sound justification from the BSP in accordance with article II.2.6.</p>
<p>Proposed amendments relative to the prequalification of non-compliant units</p>	<p>Centrica Energy</p>	<p>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.</p>	<p>Elia takes note of the comments and suggestions of Centrica Energy.</p> <p>While Elia understands the rationale of the BSP, Elia would like to further encourage the development of the FCR market via such derogations to attract liquidity and improve competitiveness of the FCR market. Additionally, putting such a derating would be against the level playing field, which is being built across the FCR Cooperation, given that other TSOs are not putting such a mechanism into place and would be therefore detrimental to the Belgian BSPs. However, Elia does not discard this possibility if such mechanism is implemented in the FCR Cooperation or that liquidity becomes sufficient.</p> <p>For the above reasons, Elia has maintained its proposal.</p>

5. Other amendments and 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 FCR and submitted the proposal to the CREG.

6. Attachments

Contact

Elia Consultations
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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,

Patrick Adigbli
Regulatory Affairs Manager, European Power Markets

Subject: Public consultation on proposal for amendment to the Terms and Conditions for balancing service providers for the Frequency Containment Reserve Service: FEBEG reaction

Date: 18 November 2024

Contact: Vincent Debllocq

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This note presents the reaction of FEBEG and its members to the public consultation organised by Elia on proposal for amendment to the Terms and Conditions for balancing service providers for the Frequency Containment Reserve Service (T&C BSP FCR). FEBEG would like to thank Elia for the organization of this consultation. The comments and suggestions of FEBEG are not confidential.

1. General feedback

FEBEG appreciates the clarity of the documents under consultation. The design note provides clear explanation on the design changes for FCR and indicates which parts of the T&C are amended.

FEBEG understands the evolutions presented in this consultation are a consequence of the modifications in SO Regulation requested by Commission Regulation EU.

FEBEG members have been consulted previously and we do not consider relevant to provide comments on the introduction of the additional properties in this consultation launched by Elia. However, we find important that the changes in SO regulation are correctly translated in the T&C FCR. Those change will require some implementation and to follow new rules. The changes in the T&C must be crystal-clear to avoid confusions on the rules.

2. Specific feedback

The changes presented in the documents seems very targeted for battery storages (BESS). FEBEG wants to remind that Limited Energy Reservoirs can be other technologies than BESS. Do we need to conclude that only BESS are impacted by these additional properties?

Similarly, some BESS have quite large Energy to Power ratio (e.g. 100 MW and 400 MWh, which is a ratio equal to 4) with long ability to deliver energy in one direction. Can we consider these are exempted from the amendments under consultation?

The design note and the T&C FCR often refers to the concept of State of Charge (SoC). We have two comments. Firstly, there is no definition corresponding to SoC which leaves it open for interpretation. Secondly, State of Charge is relevant information for battery storage (BESS) but LER is wider than BESS only.

The design note and the T&C's do not refer to the efficiency of a LER. This means the percentage of the percentage of additional energy to recharge LER (e.g. recharging 100 MWh could 'consume' up to 115 MWh). FEBEG is asking if it is intentional not to include this element?

We were also wondering whether targeted units by additional properties which are already prequalified would need to prequalify again (at the moment T&C enter into force)?

3. Conclusions

FEBEG wants to remind that new large-scale BESS will be commissioned in 2025 and full clarity on the rules and implementation requirements are of utmost importance.

While we acknowledge not to have major comments on the design, we would appreciate Elia *(i)* to answer the questions in this document, *(ii)* to make its best efforts to provide as much accurate information in the T&C FCR and *(iii)* publish the updated technical guide in early 2025.



A new answer to the consultation "20241018_Public consultation on the Proposal for Amendment to the T&C BSP FCR" has been submitted on our website.

- **Name:** Michaël Van Bossuyt
- **Email:** mvanbossuyt@febeliec.be
- **Organization:** FEBELIEC
- **Comments/suggestions to the consultation:** Febeliec has at this point no specific comments regarding the proposed amendments to the T&C BSP FCR, but insists that a balance is maintained between providing more possibilities for new BSPs and/or assets to start delivering FCR on the one hand, to promote market development and more competition and then hopefully lower prices, and ensuring that requirements remain strong enough to ensure the correct delivery of the service on the other hand. Febeliec strongly supports the new proposed Art. II.2.5 & Art. II.2.6, where Elia is required to notify the CREG in case of any suspicious BSP behavior and/or behavior that might bring prejudice to the market functioning.
- **Upload additional documents if needed:**
- **Answer confidential:** Completely non-confidential

Contact:
consultations@elia.be

