Balancing Taskforce n°6

27/06/2013

Elia ENMAN

Agenda

1. Welcome

13h30

2. Validated Meeting minutes dd 24-05-2013

13h40

3. Feedback R3-DP: prequalification procedure, timings and next steps

14h10

4. Enhancement Balancing Publications: Status of developments

14h30

5. Short Term Sourcing – Bidding process

15h00

6. Pauze

15h15

7. Bid ladder, feedback survey, timings and next steps

15h45

8. Network Code Balancing – Introduction of principles

16h15

9. ARP-Contract: Articles 10.2 & 11.1.2 – Final proposal after consultation

16h30

10. Questions – Remarks - Next steps - next meeting date

Validation of Meeting minutes
⇒ Balancing Taskforce 24/05/2013

Minutes of meeting
Balancing Taskforce 24/05/2013

Remarks on these minutes could be sent to filip.carton@elia.be

- **No comments received**

=> Validated Minutes have been published on our web-site

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Feedback from experts working group

⇒ 4th Expert Working Group 24/6

Prequalification procedure

- In principle **only net load reduction is allowed**, however DSOs are willing to make **exception for net injection on a case-by-case approach**. BSP will have to state it clearly in its application for prequalification whether the prequalification is for the EAN for load or the EAN for injection.

- **Eandis** requires **obligatory preliminary advice** prior to final request for prequalification. Preliminary advice to be submitted prior to August 13th (as 1 week lead time).

- BSPs **request for transparency and to receive feedback** on why an EAN is prequalified or rejected. Feedback will be given based on the criteria that are used. A **list of these criteria** will be mentioned **in the contract DSO-BSP**. However it should be taken into account that all is very dependent on the location of the EAN and that the prequalification answer will be different in regards to the local circumstances. All DSO's are using similar forms and methodology for prequalification.

  However, Eandis will provide the volume constraints to the BSP in normal and abnormal grid situations. The lessons learned of this year will be very important in order to structure the prequalification process for next year.

Feedback from experts working group

⇒ 4th Expert Working Group 24/6

Prequalification procedure

- **all EANs will be treated in concurrence during prequalification** in August-September. For the trimestral prequalification for new EANs in 2014, the "first come, first served"- principle will be used for the existing EANs or already contracted EANs, they will have priority over not-contracted EANs. Elia adds that this will not be the case for the 2015 tendering, all EANs (2014 contracted EANs and new for 2015 EANs) must then be (re-) prequalified at the same period

- Elia explains the principle of its proposal to maximize participating flexible volume in the selection phase: **volume constraints will solely apply in selection phase between selected (orange) bids**

- **BSP-EAN link for prequalification is binding in 2014**. In case of switch of the EAN in 2014 , a new prequalification request - is needed. The technical prequalification study however is not linked to a BSP, but other data exchanges (a.o. for settlement) will need to be completed.

- **For prequalification process: a simple mandate of the grid user** by scan/e-mail is ok for Aug 20th, but the **formal signature is needed at the submission of final offers** (Sep 23th). For 2014 a grid user can participate, if the grid user becomes BSP himself as well and participates in the tendering as a BSP.

Feedback from experts working group

⇒ 4th Expert Working Group 24/6

Prequalification procedure

- **Disqualification of EANs** and the 3 months' notice period is from a liability/contractual point of view risky for the BSP. Elia and the DSO's agree to give a **6 month pre-notification** in case of disqualifying an EAN and to give a bullet-wise description of criteria upfront for disqualification. In any case, the BSP will need to pool to mitigate the risk of disqualifying of EANs.

Activation

- Notifying of BRP as soon as possible after activation of exact activated volume in its perimeter is of key importance. It is agreed that the **objective is to inform at least in 2015 the BRP of the exact volume activated within its portfolio**

Next Expert WG

- after September 23rd
- Outcome of 2014 selection
- Lessons Learned + Improvements for 2015
- Way foward for LT vision

Feedback from experts working group

⇒ The pathway to contractualization…

Contract DSO – BSP

- Synergrid prepared draft version BSP-DSO
- June 21st – Proposal contract BSP-DSO sent to regulators for approval
- Awaiting formal approval
- ELIA prepared ELIA-BSP contract

Contract ELIA-BSP

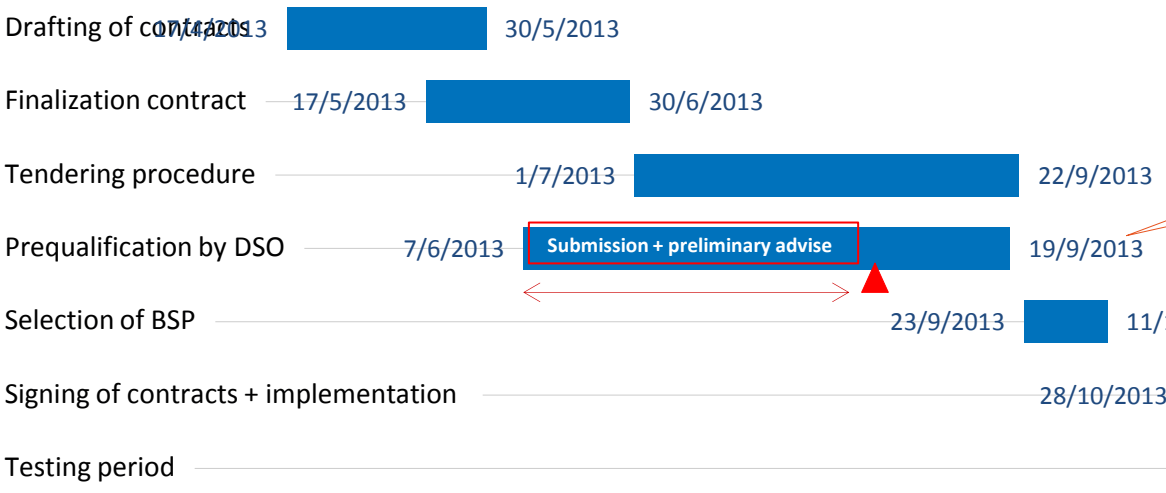
- ELIA prepared draft version – still under legal review
- Will be sent with tendering documents onJuly 1st

Next steps:

- June 28th: Practical organisation for metering & data exchange between DSOs and ELIA
- July 1st : send out tendering documents (incl. contract BSP-ELIA)
- August 20th : deadline for initial prequalification
- Sept 19th : deadline for receiving prequalified Access Points from DSOs and ELIA
- Sept 23rd : deadline for submitting final offers to ELIA

Feedback from experts working group

⇒ Proposal Timing for tendering R3 DP



- Starts at contract notice;
- BSP must submit EAN's to DSO with required information before Aug 20th at the latest;
- From May 15th to Aug 20th, BSP can ask for "preliminary advise" from DSO for certain EAN;
- DSO communicates the officially validated EAN by Sep 20th

This is minimum time Elia & BSP need for adapting IT-tools, Installation of communication lines, …

Feedback from experts working group

⇒ Prequalification procedure TSO connected EAN's

How

- Fill in the template provided at the start of the tendering procedure per Access Point participating with:
  - Required information
  - Signature Dynamic Grid User
  - Signature Candidate DPP(=BSP)
- Send it to Prequalification_AS@elia.be;

When

- All requests must received at the latest by Aug 20th 2013;
- By the latest at Sep 19th 2013, BSP will receive a final answer on prequalification advise for EAN;
- Prequalification for a new EAN during the year (change of pool possible 4 times a year

Rules

- Every Prequalification is valid until the end of 2014;
- No cost for Prequalification

Feedback from experts working group

⇒ Prequalification TSO connected: status en link with selection

- The BSP will receive from Elia/DSO a **status for each EAN requested**.
- Possible statuses are green, orange or red:

Green = EAN can participate in the tendering and the selection will only be dependent on economical criteria;

Orange = EAN is part of a zone where only a limited volume can participate per "planning point". The EAN can participate in the tendering, but the BSP needs to take into account possibility that (at the same price) his offer might be reduced (in volume) during the selection procedure:

➔ ELIA will apply for the "orange" EANs a rule of " advanced pro-rata", if these EAN's are part of a **selected portfolio**, where the EAN's are situated at the same "planning point". If "orange" EANs were not selected, they will not be taken into account, so this guarantees a maximal volume at selection.

➔ Only selected EAN's with the status "orange" will be submitted to the volume restriction **at equal price;**

Red = EAN cannot participate in tendering because of endangerment of the grid stability:

Feedback from experts working group

⇒ Template for TSO prequalification

Template Prequalification TSO	

Personal Data Grid User	
Name Grid User	
Adress Grid User	
Telephone Number Grid User	
E-mail Grid User	
EAN Code of meter	

Contractual Data	
Name BSP	
Number of offered flexible MW R3 DP at EAN	
Main focus of EAN (production/load)	
Period (Peak/off-peak/base) (for information purposes only)	
Current Supplier	
Current BRP	

Technical Data	
EAN Code of Meter	
Type of Meter	
Meter Accuracy class	
Voltage level of the connection point (kV)	
If load, Unscheddable margin (MW)	
If generation, Power Maximum(MW)	
Ramping rate (kW/s)	

Feedback from experts working group

⇒ Template for TSO prequalification

Contact details BSP	
Name BSP	
Adress BSP	
Telephone Number BSP	
E-mail BSP	

To be signed by Dynamic Grid User:

- "I hereby authorize the DPP to enter into a Contract with Elia for the provision of the R3-DP Service using the Access Point Concerned"
- "I hereby swear that all given information in this document is true and accurate."
- "I hereby swear that I submit this information for one DPP and that I will participate in the product Tertiary Control - Dynamic Profile with only one DPP;"
- "I explicitly give my mandate to Elia that this information may be used by Elia and the DPP for Prequalification for my participation in the product R3 Dynamic Profile."
- "I give my consent to Elia that if this data were to change that I will notify Elia in the appropriate way."
- "I hereby give my explicit mandate to Elia that the 15 min metering data regarding the EANs of my Access Point Concerned and participating in the Lot can be used for control & settlement purposes only for as long as I will participate in the product Tertiary Control - Dynamic Profile."

To be signed by BSP:

- I hereby verify that all given information in this document is true and accurate.

-I explicetely give my mandate to Eliathat this information may be used by Elia for prequalification purposes for my participation in the product R3 Dynamic Profile.

- I also give my consent toElia that if this data were to change that they approriate way.

- **Important disclaimer:**

These clauses give the main principles, but final legal wording is still pending!

Signature Dynamic Grid User:	Time & Place:

Signature Dynamic Grid User:	Time & Place:

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Enhancement Balancing Publications: Status
=> Agenda

- Infeed publication
- Intraday available reserves
- B2B-connection
- Questions?

Enhancement Balancing Publications: Status
=> Agenda

- **Infeed publication**
- Intraday available reserves
- B2B-connection
- Questions?

Enhancement Balancing Publications: Status
=> Infeed publication

Publication telemesures of Elia infeed of 406 posts on quasi real time (not telemesures per DGO)

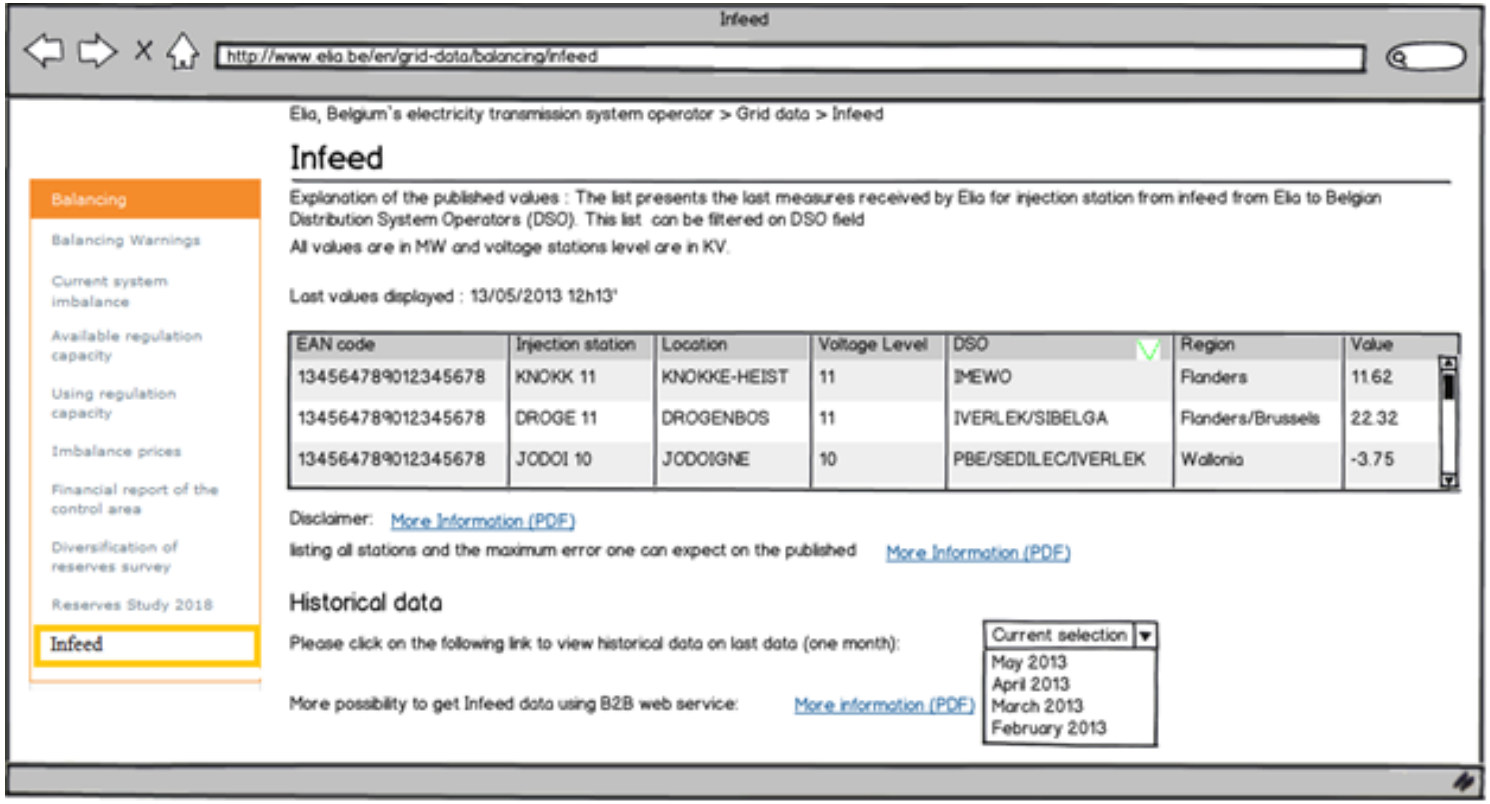
Available information on real time:

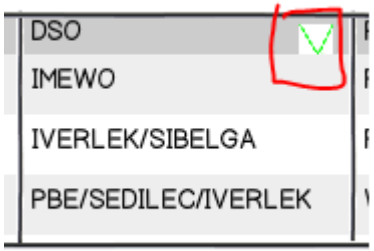
- Information updated every 2 minutes
- 406 injection posts from Elia to DGOs
- Only infeed from Elia 70/36kV to Interenerga, WVEM and Tecteo

- Planned go-live: mid-october 2013

Enhancement Balancing Publications: Status

=> Infeed publication: first screens





Enhancement Balancing Publications: Status

=> Infeed publication: reporting specifications

1. **Access via webbrowser:**
   - The user may only see the last values and filter on the displayed DSO list
   - The screen is automatically refreshed each 2 minutes (with the criteria kept) when there are new values available
   - Historical data: a download of the Excel file gives always the values of all injection station for one complete month

2. **Excel export:**
   - Historical data: maximum one month between begin-time and end-time.

3. **B2B XML-service:**
   - Maximum one year between begin-time and end-time.

Enhancement Balancing Publications: Status
=> Agenda

- Infeed publication
- **Intraday available reserves**
- B2B-connection
- Questions?

Enhancement Balancing Publications: Status
=> Intraday available reserves

Intraday update of the published available reserves and bidding prices.

Modifications:

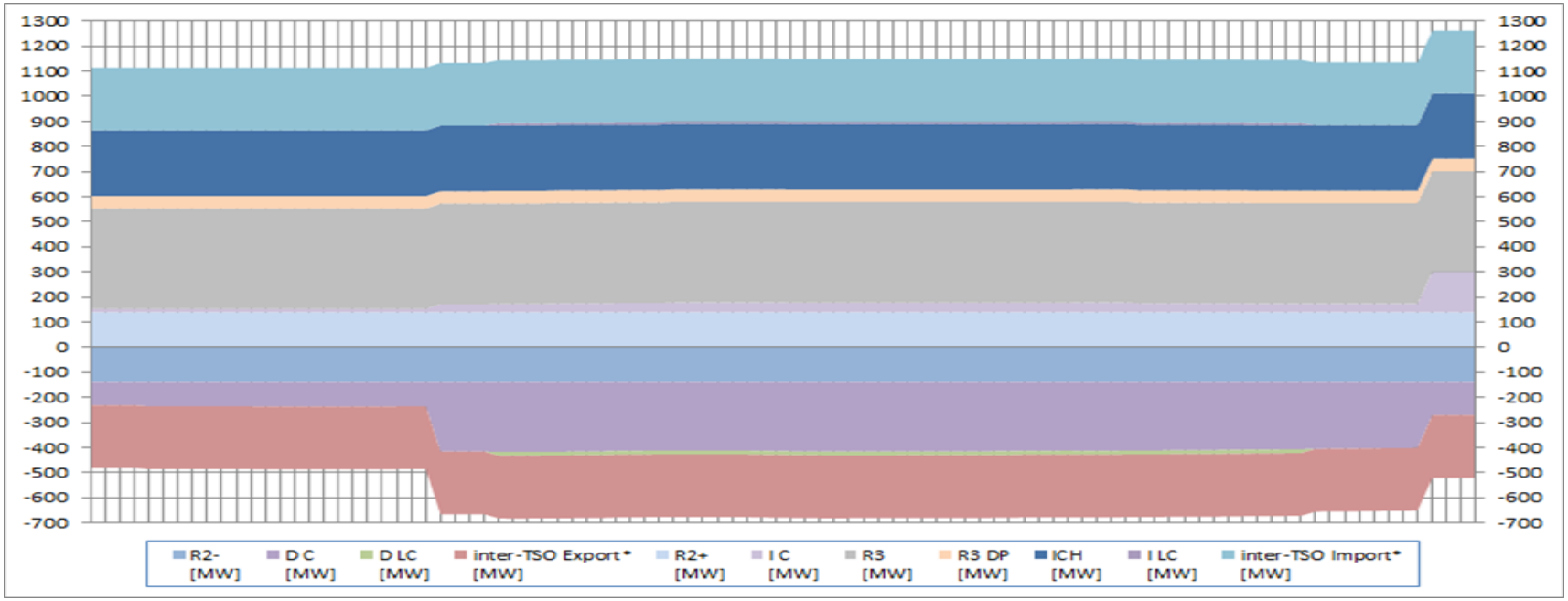
- **The publication is updated in Intraday based on changes made by ARP's on Power Units.**
- **New reporting of available regulation volume and bidding price per product**
- **B2B-connection for available regulation volume & marginal prices**
- **Planned GO-live: October 2013**

Enhancement Balancing Publications: Status

=> Intraday available reserves: first screens

Table and graph of the available regulation volume per product:

	Downward regulation					Upward regulation							
Quarter	Total [MW]	inter-TSO Export* [MW]	D LC [MW]	D C [MW]	R2- [MW]	R2+ [MW]	I C [MW]	R3 [MW]	R3 DP [MW]	ICH [MW]	I LC [MW]	inter-TSO Import* [MW]	Total [MW]
00:00 -> 00:15	-481,7	-250	0	-91,7	-140	140	13	400	50	261	0	250	1114
00:15 -> 00:30	-482,1	-250	0	-92,1	-140	140	13	400	50	261	0	250	1114

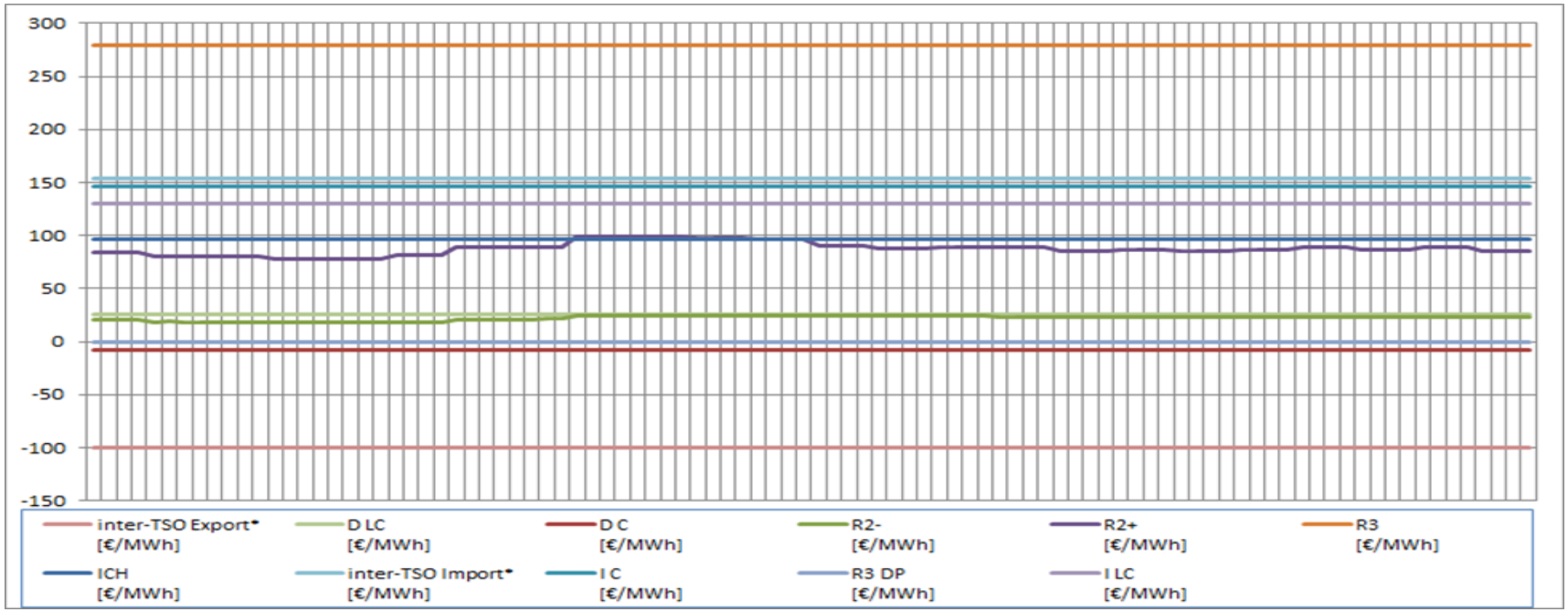


Enhancement Balancing Publications: Status

=> Intraday available reserves: first screens

New table of the marginal prices per product:

	Marginal prices (€/MWh) for activation of									
Quarter	inter-TSO Export* [€/MWh]	D LC [€/MWh]	D C [€/MWh]	R2- [€/MWh]	R2+ [€/MWh]	I C [€/MWh]	R3 [€/MWh]	ICH [€/MWh]	I LC [€/MWh]	inter-TSO Import* [€/MWh]
00:00 -> 00:15	-100	25,84	-7,69	20,95	83,43	146,53	279,2	96,16	130,44	153,46
00:15 -> 00:30	-100	25,84	-7,69	20,95	83,43	146,53	279,2	96,16	130,44	153,46

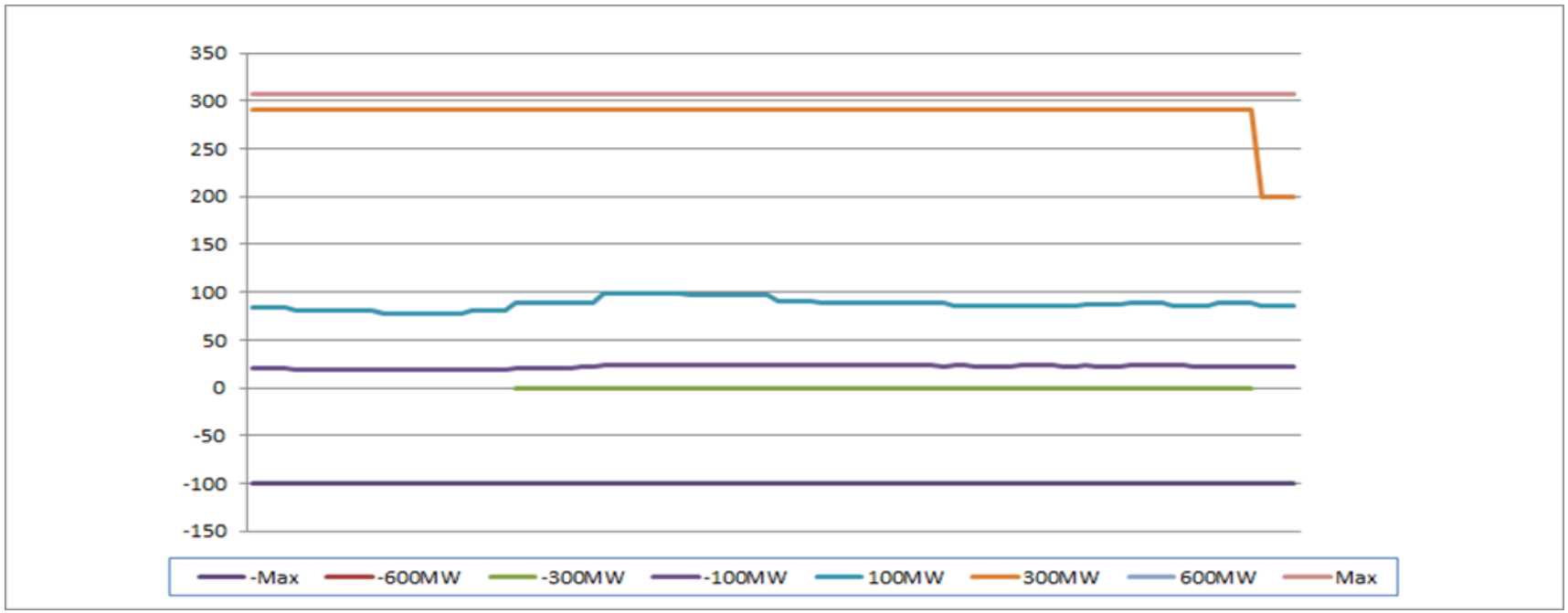


Enhancement Balancing Publications: Status

=> Intraday available reserves: first screens

Table for the marginal prices per range:

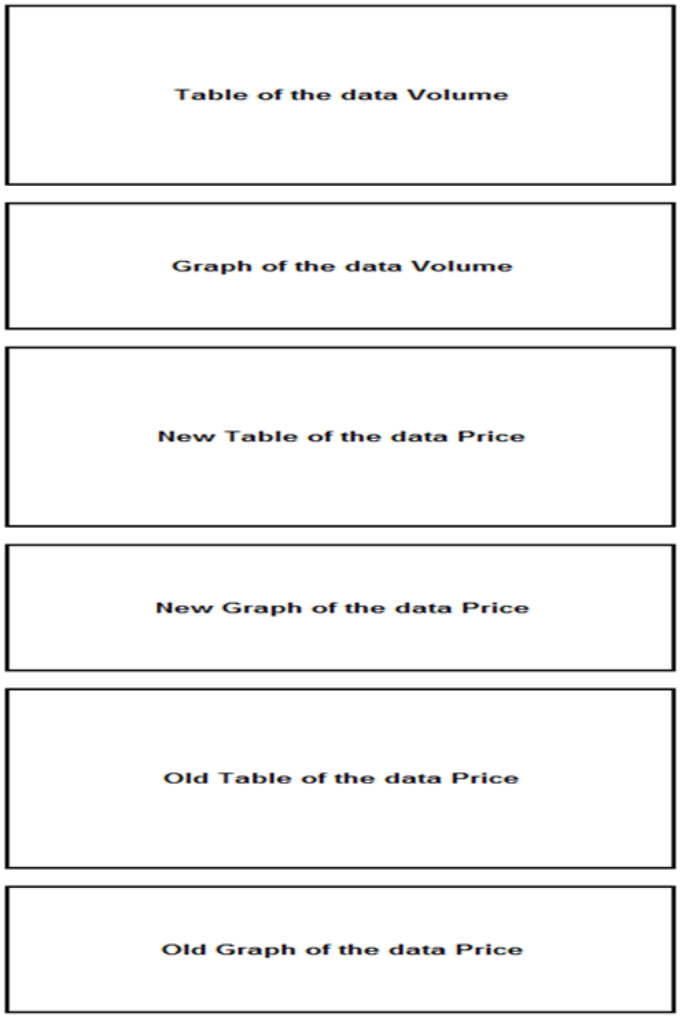
	Marginal prices (€/MWh) for activation of							
Quarter	-Max	-600MW	-300MW	-100MW	100MW	300MW	600MW	Max
00:00 -> 00:15	-100			20,95	83,43	291,19		306,4
00:15 -> 00:30	-100			20,95	83,43	291,19		306,4



Enhancement Balancing Publications: Status

=> Intraday available reserves: reporting specifications

The general presentation of the publication is as follows:



The page Data Download Page of the site www.elia.be:

- Available energy volumes (Transition date -)
- Available energy prices (Transition date -)

New B2B XML-connection:

- Historical data up last published data

Enhancement Balancing Publications: Status
=> Agenda

- Infeed publication
- Intraday available reserves
- **B2B-connection**
- Questions?

Enhancement Balancing Publications: Status
=> B2B-Connection

B2B-connection for use of published data in client's internal processes.

- In production XML-service for data of imbalance price, activated regulation capacity, wind production and solar prosuction
- In process XML-service for infeed publication and available regulation capacity
- All available XML-services will be listed and documented on elia.be
- Planned GO-live: October 2013

Example with Imbalance prices and excel

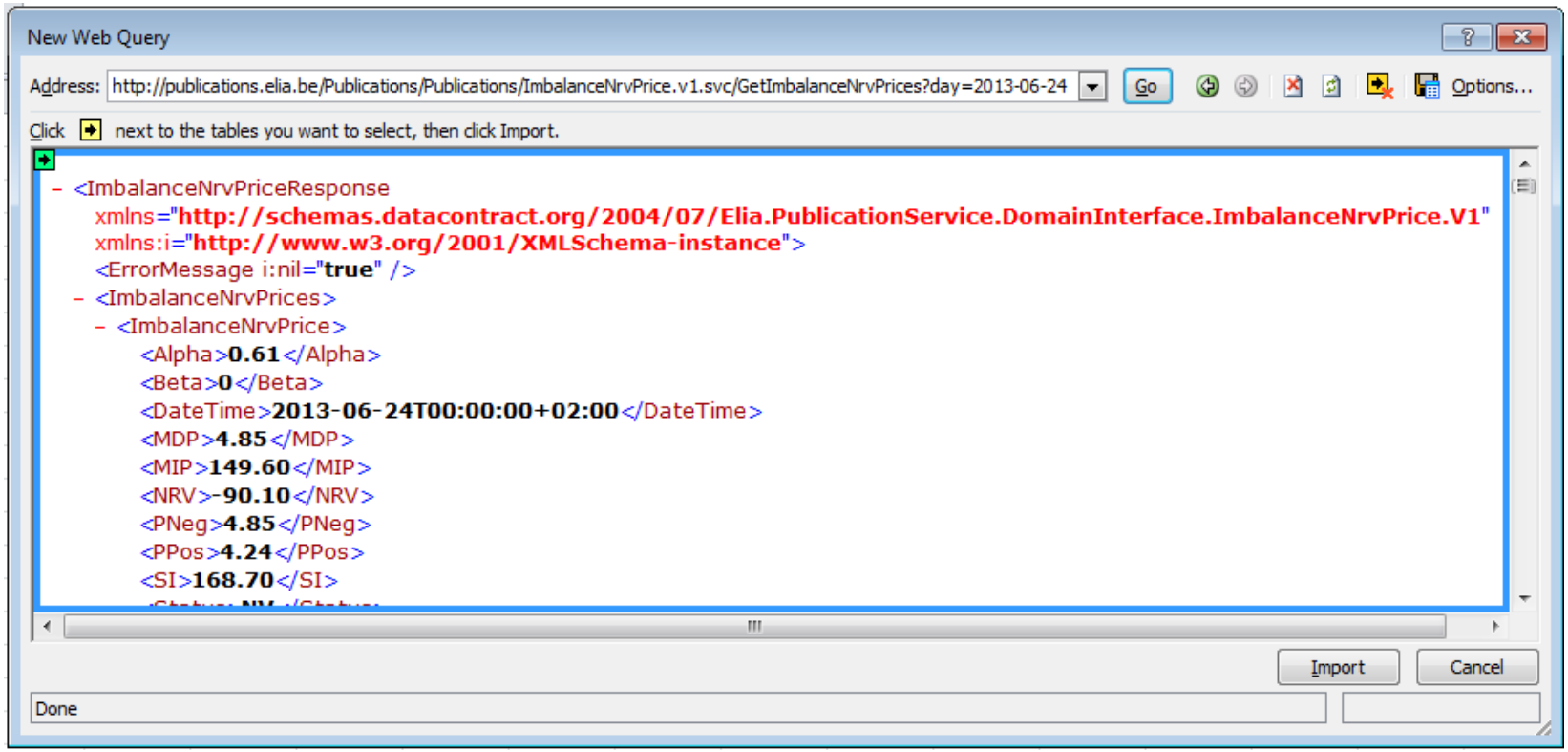
B2B: via XML service

- **By using excel and the xml service it is very easy to set up a real-time monitoring tool**
- **XML service for imbalance price:** http://publications.elia.be/Publications/Publications/ImbalanceNrvPrice.v1.svc/
- **Function: GetImbalanceNrvPrices?day=yyyy-mm-dd**

Example with Imbalance prices and excel

XML service in excel

- **Set-up a webquery pointing to the xml-service**

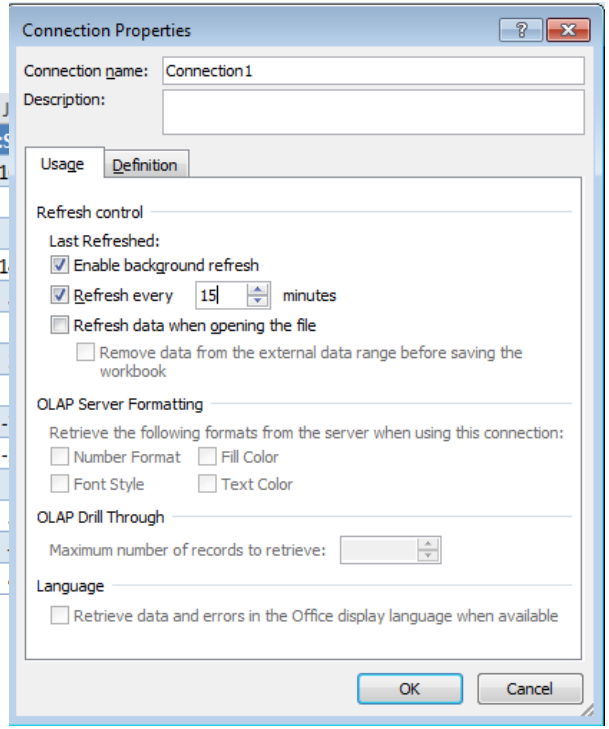


Example with Imbalance prices and excel

XML service in excel

- **Set-up a webquery pointing to the xml-service**

	A	B	C	D	E	F	G	H	I	J
1	ns1:ErrorMessage	ns1:Alpha	ns1:Beta	ns1:DateTime	ns1:MDP	ns1:MIP	ns1:NRV	ns1:PNeg	ns1:PPos	ns1:S
2		0,61	0	2013-06-24T00:00:00+02:00	4,85	149,6	-90,1	4,85	4,24	1
3		0	0	2013-06-24T00:15:00+02:00	4,85	0	-93,8	4,85	4,85	
4		0	0	2013-06-24T00:30:00+02:00	4,85	0	-19,2	4,85	4,85	
5		0,82	0	2013-06-24T00:45:00+02:00	4,85	0	-78,8	4,85	4,03	1
6		0	0	2013-06-24T01:00:00+02:00	3,9	0	-64,5	3,9	3,9	
7		0	0	2013-06-24T01:15:00+02:00	3,9	0	-14,7	3,9	3,9	
8		0	0	2013-06-24T01:30:00+02:00	3,9	0	-13,5	3,9	3,9	
9		0	0	2013-06-24T01:45:00+02:00	3,9	0	-10,1	3,9	3,9	
10		0	0	2013-06-24T02:00:00+02:00	0	71,42	55,9	71,42	71,42	-
11		0	0	2013-06-24T02:15:00+02:00	0	71,42	63,8	71,42	71,42	-
12		0	0	2013-06-24T02:30:00+02:00	0	71,42	12,3	71,42	71,42	
13		0	0	2013-06-24T02:45:00+02:00	0,01	0	-37,8	0,01	0,01	
14		0	0	2013-06-24T03:00:00+02:00	0	71,42	76,8	71,42	71,42	-
15		0	0	2013-06-24T03:15:00+02:00	1,96	0	-5,3	1,96	1,96	



- **Result: pivot table with imbalance price data and 15min refresh**

Existing XML-services

XML services on elia.be > Grid data

NEW xml service for:
- Available regulation volume
- Marginal price per product
- Marginal price per range

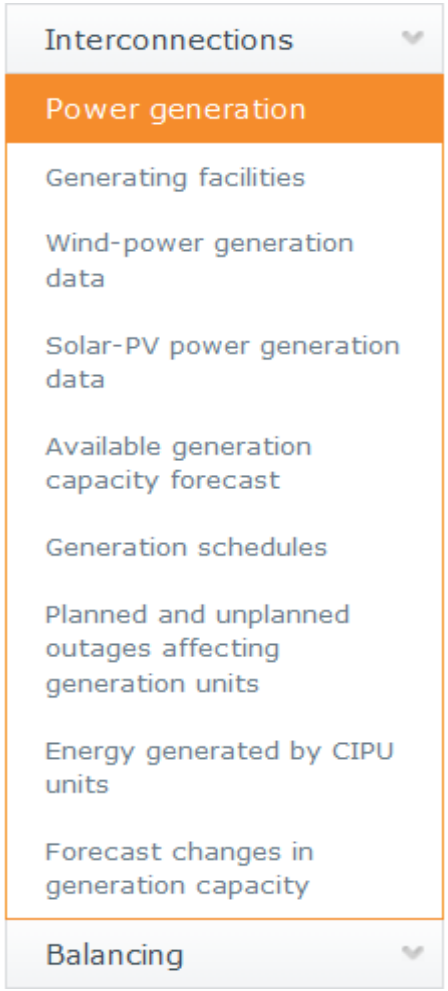
existing xml service:
http://publications.elia.be/Publications/Publications/ImbalanceNrvPrice.v1.svc/GetImbalanceActivatedEnergy?day=yyyy-mm-dd
Not yet documented

existing xml service:
http://publications.elia.be/Publications/Publications/ImbalanceNrvPrice.v1.svc/GetImbalanceNrvPrices?day=yyyy-mm-dd
Not yet documented

NEW xml service for:
- Infeed per region/station/DGO/….

Existing XML-services

XML services on elia.be > Generation data



existing xml service:
http://publicationserviceprod:22222/Interface/SolarForecasting/SolarForecastingServiceRest.v2.svc/GetChartDataForZone?dateFrom=yyyy-mm-dd&dateTo=yyyy-mm-dd&sourceId=xxxx
Not yet documented

existing xml service:
http://publications.elia.be/Publications/Publications/WindForecasting.v1.svc/GetForecastGraphDataXml?beginDate=yyyy-mm-dd&endDate=yyyy-mm-dd&isOffshore=&isEliaConnected
Not yet documented

Enhancement Balancing Publications: Status
=> Agenda

- Infeed publication
- Intraday available reserves
- B2B-connection
- **Questions?**

Thank you for your attention

For more information, contact Elia:

Name	Manuel Aparicio
Company	Elia
Email	manuel.aparicio@elia.be

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Short Term Sourcing – Bidding process

=> STS = as of December for delivery >01/01/2014

- April 10th — Pre-design Freeze + Request for consultation with this note
- April 17th — Consultation of market during balancing taskforce
- May 17th — Tendering R1-R2-R3 launched for 20 working days
- June 14th — Tendering R1-R2-R3 results
- +/- July 1th — Elia send report to CREG and Minister on received volumes & prices
- CREG – has 60 working days to assess reasonability of received offers
- By early July — Tendering ICH and “R3 Dynamic Profile” launched
- September — Tendering results for ICH and “R3 Dynamic Profile”
- December — Short term sourcing for 20-30% of 2014 R1/R2 volumes
- 01/01/2014 — Start of delivery for contracted products.

Short Term Sourcing – Bidding process
=> Introduction - recap

Some consultation meetings were organized by the Minister's cabinet early 2013 with producers, ELIA, and CREG on the current functioning of the procurement process for R1 and R2 as outlined in art. *12 quinquies* of the Electricity Law, with a special focus on possibilities for contracting those ancillary services on a shorter-term basis.

As part of those consultations, an agreement emerged between participants on the following principles for 2014:

- ✓ ELIA and CREG will define for 2014 a share of R1 & R2 to be covered by short term products (not longer than three months). The range to be covered by short-term products (for instance between 20% and 30%) will be proposed by Elia for CREG's approval (in the Balancing Rules).
- ✓ The prices resulting from this short term sourcing in 2014 will be considered as reasonable by CREG and hence be included in the grid tariffs.
- ✓ Based on the experience of 2014, and provided the short term products do not cause significant problems on volume or price level, a more significant range could be decided for 2015 and so on.

Short Term Sourcing – Bidding process
=> Yearly Tendering

Each year Elia launches a quote request to contract, according to transparent non-discriminatory procedures, reserve volumes with potential suppliers in accordance with Article 12 quinquies of the Electricity Act of 29 April 1999 on the organization of the electricity market.

Y-1 selection (work in progress at this moment):

The selection of primary and secondary control power happens on an economical basis. The annual selection seeks to minimize the total cost of reservation, taking into account:

- The restrictions on the bids (for primary and secondary control) of a potential supplier which includes offer combinations (‘all-or-nothing’), offer exclusions (‘may-not-be-combined-with’), divisibility and tariff period validity.
- The minimum and maximum volumes that should be covered by short-term products for the year 2014, defined as follows: between 20% and 30% of the sum of the total volume of symmetric secondary reserve and the volume of the product "symmetric 100mHz" of the primary reserve.

Short Term Sourcing – Bidding process
=> Short Term Auction Platform

Scope of the auction platform under development by Elia (1/2):

- Allow Elia to determine future delivery periods + formal timings and publish these on the Elia website. Anyone will have access to this page, without password;
- Allow the Suppliers to enter their offers via a password protected external GUI, before gate closure time (GCT1);
- Allow Elia to create offers (“on behalf of a Supplier”) if a Bidder has technical problems to do so;
- Automatically perform some consistency checks on the offers and warn if an offer is not consistent;
- Automatically closing a gate to freeze the offers at GCT1;
- Has a second gate (manually opened) for a potential second auction round. This gate will allow the Bidder to re-offer a new price proposition for a bid requested by Elia (such a request will in general be based on an existing offer but with slightly modified volumes).

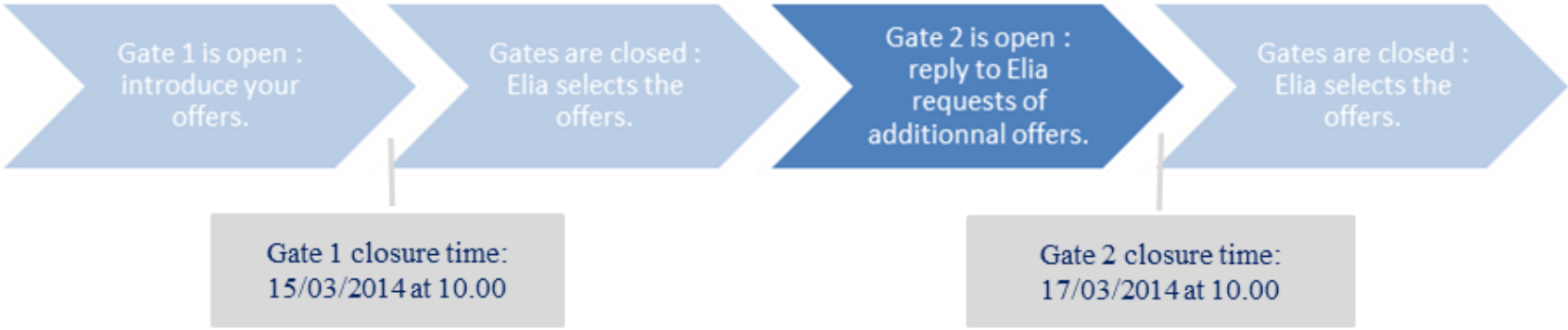
Short Term Sourcing – Bidding process
=> Short Term Auction Platform

Scope of the auction platform under development by Elia (2/2):

- Provide a “comment box” which allows for direct communication between the Bidder & Elia platform operator to facilitate additional clarification regarding the biddings (if needed).
- Presents the offers selected by the solver, some global results and graphics at each auction round (internal Elia only). The graphics will help the Elia operator to understand the order books (OB) of the bidders and they support him in the choice for eventual request in a next round to further increase overall optimality.
- Sends an email to the Bidders when gate 2 opens and/or when the auction ends.
- Show the retained offer(s) to the bidders.
- Performs the computation and publication of global results from all bidders together (e.g. sums, average costs...) on the Elia website to comply with future regulatory transparency obligations. Anyone has access to this page, without password.

Short Term Sourcing – Bidding process
=> Short Term Auction Platform

Auction platform under development by Elia : some first illustrations of the concept



Delivery Period : August 2014

Last Refresh : 07/07/2014 13:45:22 Refresh

Level :

Offer number	R1 symmetrical		R2 Upwards		R2 Downwards		Tariff Period	May not be combined with	Volumes divisible?	Validation Status	Reception Time	Actions
	Volume	Price	Volume	Price	Volume	Price						
												Create
1	10	15	20	5	0	0	Base	2; 3	Yes	Accepted	6/07/2014 10:25:32	Delete
2	0	0	10	15	0	0	Peak	1	No	Received	6/07/2014 10:25:32	Delete
3	0	0	5	20	0	0	Peak	1	No	Received	6/07/2014 10:25:32	Delete

Short Term Sourcing – Bidding process
=> Short Term Auction Platform

Some statuses and definitions (1/2):

- A **bidder** is a Supplier having R1 and/or R2 rights (at least a contract of 0MW).

- An **offer** is characterized by (~LT tendering Y-1):
  - A number [N];
  - A delivery period [Month];
  - A volume [MW] for each product type [R1 100mHz; R2 Up; R2 Down] – combined offers are possible ('all-or-nothing');
  - A unitary price [€/MW/h] for each of the above volumes;
  - Volume Divisibility [Yes/No]
  - A tariff period [BASE, PE, LOP]
  - The number of other offers that may not be combined with this offer = the May Not Be Combined With [MNBCW]

Some statuses and definitions (2/2):

- A **delivery period** is configurable:
  - A standard month is from January to December, starting on the first day of the month at midnight and ending on the last day of the month midnight;

- There is a **validation status** for each offer. Possible values will be:
  - Received: Elia received the offer, which still needs to be treated. Depending on the state of the gates (open or closed), the bidder may modify/delete the offer or not.
  - Accepted: Elia did some checks to detect errors from the bidders, that couldn't be detected automatically by the tool when importing the offer. The checks are ok.
  - Rejected: Elia did some checks to detect errors from the bidders, that couldn't be detected automatically by the tool when importing the offer. The checks are not ok. Depending on the state of the gates (open or closed), the bidder may modify/delete the offer or not.
  - Requested: Elia requests an additional offer based on an existing offer.
  - Retained: The auctioning process is finished and Elia retained the offer.

Short Term Sourcing – Bidding process

=> Short Term Auction Platform – Process (1/2)

Once previous auction is closed <GCT1

- Elia defines delivery periods and GCT's, permanently published on the Elia website;
- Bidders must offer for the 1st auction before GCT 1;
- Technical prequalification of bids: Automatic checks will be performed each time a new offer is received. The user gets an error message if the offer is not conform. After a manual control, Elia will change the validation status of an offer to "Accepted";
- New offers/updates/deletes could arrive at any time until first gate closure;

GCT1

- Once Gate 1 is closed, it is not possible to introduce/modify or delete offers anymore;
- Elia runs a solver (unambiguous criteria = minimize total cost) with the accepted offers and if the results are satisfying, auction will be closed;
- In exceptional cases, the Elia operator will identify offers that could be modified and give better optimization result. For those offers, he asks the bidders to make additional offers. When he is ready with all the requests, he opens the Gate 2.
- Gate 2 is open and responses at Elia's demand or other new offers may be introduced. bidders are not allowed to modify or delete previously accepted offers;

Short Term Sourcing – Bidding process
=> Short Term Auction Platform – Process (2/2)

GCT2

- Once gate 2 is closed, it is not possible anymore to introduce new offers, modify or delete an existing one. Elia runs the solver with only the accepted offers.

>GCT2

- Validation (Elia) of retained offers – confirmation (bidders) and publication (public) of results;

Proposal – “GCT1” = 12hrs, Tuesdays of the week comprising the 15th of M-1;

Proposal – “GCT2” = 12hrs, Thursdays of the week comprising the 15th of M-1;

Short Term Sourcing – Bidding process

=> Short Term Auction Platform – Next Steps

Market actors:

- Feedback on these slides and proposals are more then welcome < 14/07/2013

Elia < 12/2013:

- IT development & business testing of Rx auction platform & solver
- Tendering Calendar proposition
- Training sessions on functional use of STAR + follow-up in future TF's Balancing

Elia & Market actors <13/12/2013:

- B2C testing of Rx auction platform

Attention Suppliers: First operational use envisioned for Dec '13:

- First GCT1 = 12hrs, Tuesday 10 December;
- First GCT2 = 12hrs, Thursday 12 December;
- First Delivery Period = 0hrs 1st Januari until 0hrs 1st February

Agenda

1.	Welcome	**13h30**
2.	Validated Meeting minutes dd 24-05-2013	**13h40**
3.	Feedback R3-DP: prequalification procedure, timings and next steps	**14h10**
4.	Enhancement Balancing Publications: Status of developments	**14h30**
5.	Short Term Sourcing – Bidding process	**15h00**
6.	Pauze	**15h15**
7.	Bid ladder, feedback survey, timings and next steps	**15h45**
8.	Network Code Balancing – Introduction of principles	**16h15**
9.	ARP-Contract: Articles 10.2 & 11.1.2 – Final proposal after consultation	**16h30**
10.	Questions – Remarks - Next steps - next meeting date	

Agenda

1. Welcome

13h30

2. Validated Meeting minutes dd 24-05-2013

13h40

3. Feedback R3-DP: prequalification procedure, timings and next steps

14h10

4. Enhancement Balancing Publications: Status of developments

14h30

5. Short Term Sourcing – Bidding process

15h00

6. Pauze

15h15

7. Bid ladder, feedback survey, timings and next steps

15h45

8. Network Code Balancing – Introduction of principles

16h15

9. ARP-Contract: Articles 10.2 & 11.1.2 – Final proposal after consultation

16h30

10. Questions – Remarks - Next steps - next meeting date

Context and initial product proposal

Result of the survey

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Product design – Bid Ladder Survey
=> Context

Elia incentivizes Market Players to restore themselves their balancing perimeter, even in real-time

- For that purpose, Elia organizes a so called **"re-active" balancing market** where it takes balancing actions mainly through fast reserves with short activation durations

A part of the balancing actions consists of **manual reserves:**

- Either **pre-contracted** reserves. Elia pays capacity reservation fee to compensate them not to participate in the LT, DA and ID markets. In case of activation, the energy is remunerated at the activation price
- Or **non-contracted** reserves. ARP having CIPU power units must nominate their remaining flexibility before D-1 18h and can send updates up till H-1. Elia doesn't pay a capacity reservation fee, hence only the activated energy is remunerated

Product design – Bid Ladder Survey
=> Context – goal of the Bid Ladder project

Elia is **setting up an easy accessible and transparent "Bid Ladder" platform** to make it easier for Providers to offer non-contracted manual reserves

This new platform should **allow bids from**

- flexibility not covered by a CIPU-contract (>25 MW)
- load and RES flexibility
- flexibility connected to the distribution grid

Two important steps in the design of this platform is the definition of the

- **products** that can be offered
- **processes** that have to organize all the activities to be done

Product design – Bid Ladder Survey
=> Initial product proposal

Elia elaborated a first **draft proposal of standard products** for which some fundamental characteristics were **submitted to Market Players opinion**

- Portfolio bidding of 15 minutes or 30 minutes standard products
- Bid minimum size of 5MW
- Divisible bid or not
- Availability period
- Bid price
- Bid direction (i.e. I / D bid)
- Type of flexibility and locational information
- Conditional bid or not

Elia gathered Market Players opinions through this survey to **refine its product proposal**

Product design – Bid Ladder Survey
=> Agenda

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Bid Ladder survey

Survey organization

Scheduling

- **08/05**: Survey sent out
- **29/05**: Update of the survey (additional question regarding pricing mechanism)
- **04/06**: Deadline for answers
- **Week 17/06**: 4 additional answers received

Consulted Parties

Type	Description	Consulted Parties	Answers
DSM	Consumer & Aggregator	14 including 1 association	4
BRP	Balance Responsible Party & Supplier	7 including 1 association	3 including 1 association
RES	Renewable (Wind & CHP)	3 including 2 associations	1
DSO	Distribution System Operator	4	0
Exchange	Power Exchange	1	1

Product design – Bid Ladder Survey
=> Executive summary

Elia proposal	Market Players (MP) positions and main rationales	Elia new proposal
Bid minimum size of 5MW, no decimal Q1	**Most of the MP agree with 5MW (including DSM).** • Some request a minimum size at 100kW to reduce entry barriers for new entrants while others consider a threshold below 5MW as operational difficult • Some request that bids offers have 1 decimal after comma	Minimum size at 1MW with every bid in multiples of 0,1MW
Bid can be divisible or not Q2	Market Players confirm the indivisibility is an important parameter to represent the technical and economic specifications of the appliances or sources. Divisible and indivisible bids could over time cohabitate to allow the maximum of flexibility	No modification
Conditional bids or not Q3	**Conditional bid is also requested** to deal with fixed costs through the most pragmatic way. No several remunerations of fixed cost when an activation of bid is prolonged	Non-conditional and conditional bids with prolongation price
Standard products (15' and 30') Q4	All of the **MP are in favor of Standard products** with no additional technical characteristics But **different kind of opinion about activation duration**: some MPs state that the focus should be on 15min while others (RES) prefer products with longer duration	• 1 fast standard product (15') • 3 Slow standard products (>15') • Emergency products
Availability period Q5	**Question not understood by all MP however** based on the correct received answers, Elia concludes that the platform should offer maximum flexibility for sending bids (96 bids of 15' or 1 bid of 96x15')	Availability period per quarter-hour
Other characteristics to add Q6	**New characteristics requested:** • to have a maximum activation period with maximum consecutive activations • to authorize linked-bids to deal with start cost • to propose long activation time	• Maximum activation number • Prolongation price • Slow standard product
Pay as bid Q7	**Most of MP are in favor to pay as cleared from the beginning** to attract more offers, to favor competitive prices, to be compliant with the NC, to be aligned with the settlement applied on the Dutch market	Pay as bid but flexible platform which can be easily switched to pay-as-clear

Bid Ladder survey

Specific focus on issues (1/2)

Firmness

It should be clearly stated that the products will be firm only after the Balancing GCT, as described in the NC Balancing

⇒ We will respect the stipulations of the final NC on balancing

Compensation model for imbalance settlement

It is expected clarifications on how activations will be considered in the imbalance volume calculation of a BRP

⇒ As explained in the note the "block-product" shall be used for the imbalance volume calculation. Hence during ramping-up and ramping-down the provider shall be in imbalance. This is consistent with the fact that will not remunerate the ramping energy due to activation (only offered product)

Compatibility between Balancing and Intraday market

- The continuous Intraday market is currently offering 15' products tradable until 5' before delivery which is in overlap with the Bid Ladder that allows bid selection as from 1h before delivery
- Having this risk of refusal by Elia in the last hour before delivery would clearly put MP in a position where they will have to choose either for ID or the balancing and will be detrimental to the functioning of ID (Cf. situation in NL)

⇒ Discussion with Belpex are started and we are open for a solution – if possible and if the added value is clear

Bid Ladder survey

Specific focus on issues (2/2)

Non-BRP vs BRP

- Deal carefully when developing a proper compensation mechanism for large scale development of activating reserves at distribution level in long term
- Some Market Parties ask Elia to develop also a solution that can be reachable for non-BRPs

⇒ This solution is currently under discussion/construction

Penalty for load subscription

There should be a compensation/exemption of any penalties linked to off-take subscription. If load needs to include this in their price it means an unacceptable discrimination vs. production

⇒ Remark is not relevant for the design of the bid ladder platform. Only affects the level of the bid price

Scope Non-contracted Reserves

Request to integrate also contracted reserves (R3load, R3prod, 3DP) on the bid ladder platform

⇒ On the long run they shall be part of the bid ladder platform as the NC on balancing is stipulating that all manual reserves need to be shared with other TSOs except specific reserves (like ICH & R3DP). In a first step we will concentrate on the non-contracted reserves

Product design – Bid Ladder Survey
=> Agenda

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Product design – Bid Ladder Survey
=> High level products characteristics (1/3)

Elia foresees to allow the submission of bids respecting one of the following **three types of "block" products**

- A fast standard product
- Slow standard products
- Emergency products

For Elia, **standard products** aim at

- Allowing providers comparing their bids
- Delivering transparent information
- Applying a fair valuation of the bids in the merit order

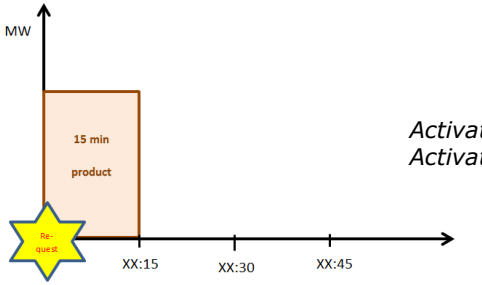
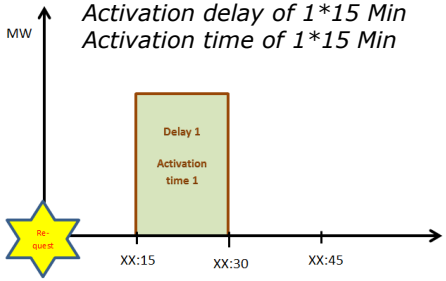
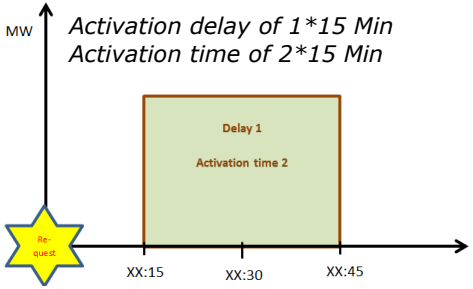
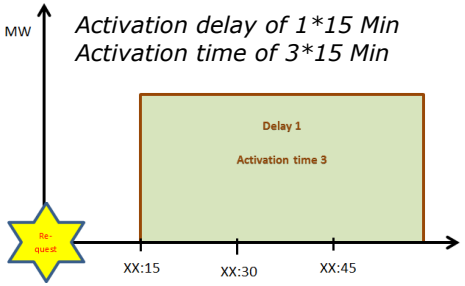
Elia introduces **slow standard products because**

- Fast 30min product not appreciated by market parties
- Request from RES for slower products

Elia introduces **emergency products because**

- For the sake of simplicity, all balancing products should be concentrated on the Bid Ladder platform whereas the CIPU process will only be used for congestion management

Product design – Bid Ladder Survey
=> High level products characteristics (2/3)

Fast standard product	**The most important balancing product that will be used in priority**  *Activation delay of 0*15 Min* *Activation time of 1*15 min*
Slow standard products	**Shall be used if no volumes left from the fast standard product and if adequate given the situation** *Activation delay of 1*15 Min* *Activation time of 1*15 Min*  *Activation delay of 1*15 Min* *Activation time of 2*15 Min*  *Activation delay of 1*15 Min* *Activation time of 3*15 Min* 
Emergency products	**For reserves which cannot be offered through standard products in exceptional circumstances** ➢ A balancing warning is sent out by Elia and published on the website ➢ Providers are free to choose the delay and activation time of their bids ➢ Units >75MW obliged to send in remaining flexibility

Product design – Bid Ladder Survey
=> High level products characteristics (3/3)

New (optional) parameters in the bid

- **Maximum activation time**: integer value which indicates the number of times a bid might be activated during an availability period

⇨ *Explanation: it answers to the request to have the possibility to indicate a limited number of activations of a bid*

- **Prolongation price**: price applicable from the 2nd quarter-hour in case a bid is requested for 2 consecutives quarter-hours. In case this field is empty the activation price shall be applicable

⇨ *Explanation: it answers to the remark that it is not logic that fixed cost needs to be remunerated twice in case of 2 consecutives activations. This solution is considered as an easier solution than "linked" bids*

Products characteristics

Category	Characteristics
Product Type	Delay
	Activation time
Volume offered	Bid Size
	Divisibility
Availability	Availability period
	Maximum Activation Time
	Conditionality
Price	Activation Price
	Prolongation Price
Congestion management	Locational information
	Type of flex

Product design – Bid Ladder Survey
=> Agenda

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Product design – Bid Ladder Survey
=> Processes characteristics (1/2)

Technical prequalification

- > 25 MW: done in a non-aggregated way
- < 25 MW: done in an aggregated way
- Per bid: to be respected for all standard products
- Liability clause and possible monitoring to ensure compatibility

Bidding

- Submission of bids after D-1 18h
- Bids can be modified, updated & removed until real time **but** as from 1h (i.e. future XB ID Market GCT) before real time Elia can refuse modifications
- Firm once requested to be activated

Congestion Management

- Using locational information and type of flexibility, ex-ante analysis to detect if some bids might create additional local congestions
- Network constraints affecting bids will be published ex-post by Elia

Product design – Bid Ladder Survey
=> Processes characteristics (2/2)

Activation

- After the congestion management filtering, ranking and publication of activable upwards and downwards bids
- All fast standard products activated in priority
- Preferably starting at the beginning of a quarter
- Activation of slow standard products is exceptional and subject to specific rules to be defined
- Skipping of indivisible bids if the regulation curve doesn't meet the Elia's requested volume of regulation
- Ex-post publication of activated bids

Settlement

- Pay as bid that could easily evolve towards another pricing model
- Payment of activated energy based on bids and not on physical reality
- Imbalance settlement different for BRP (bids) and non-BRP (enhanced solution)

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Next steps

- End of August Design Nota
- Remaining comments at next TF balancing
- September design finalized – implementation track launched

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Question 1

Elia proposal	The size of the bid in MW; the minimum bid size shall be 5MW, however a bid can consist of several units less than 5 MW, i.e. regulating flexibility can be aggregated. The offered quantity shall be always an integer value
Question	Do you agree with this proposal?

Stakeholders	Answer	Positions
ARP	No	➢ Could be considered as an **entry barrier** for BSP/BRP or Grid Users. Therefore it would be beneficial not to enforce a fixed minimum bid size ➢ If required anyway, a **minimum size in the range of 0,1MW up to 1MW** would attract more market parties and further activate flexibility from DSM and DER ➢ **Smaller bid sizes** could result in **lower bid prices**, better reflecting technical and economic characteristics
DSM	No	➢ Could be considered as an **entry barrier** for BSP/BRP that starts small and grow. ➢ Elia's proposal for **5MW** are issued from a benchmark on **old European DR markets** built **for production and not for consumption**. In mature markets like in US, threshold is at 100kW ➢ European TSOs that pushing to **reduce thresholds are facing IT issue**. Elia could benefit from the beginning to have a low threshold ➢ A threshold at 100kW will allow Elia **getting more flexibility at a cheap price** as the marginal price of DSM is lower than for a diesel engine ➢ 100kW is the **minimum bid size on the SPOT markets**. Having the same size for the Bidladder would allow a better integration with e.g. the Intraday market
ARP	Yes	➢ Activating and controlling volumes of power **below 5 MW is operationally difficult**
ARP	Yes	➢ No motivations
Exchange	N/A	➢ No answers
2 ARPs	No	➢ 1MW threshold would be better for those consumers that would want to offer directly to Elia
DSM	Yes	➢ No motivations
RES	Yes	➢ Agrees with 5MW but offered should be increased per 100kW

Question 2

Elia proposal	In case of divisible products a TSO activates only a part of the total activated volume In case of indivisible products a TSO can only activate the full offered amount or nothing
Question	Do you think indivisible products are required? Why?

Stakeholders	Answer	Positions
ARP	Yes	➢ Can include additional elements (e.g. temporal aspects) to the bids to **represent the technical and economic specifications of the appliances or sources** offering the flexibility. It is important that these elements can be reflected by entering indivisible bids
DSM	Yes	➢ Indivisible products are quite often encountered in demand side management where you **curtail or enhance ON/OFF processes**. But, when applicable, **divisible products** are activated **although more expensive** in €/MWh than an indivisible one
ARP	Yes	➢ This **trade-off between transparency and optimization** needs to be made: **divisible products** can be useful in order to **more accurately optimize** in function of the TSO's needs and the physical assets' characteristics. At the same time it will be **difficult for market participants to interpret** the bid ladder as an optimization will be necessary to determine which marginal price applies at which call-up size ➢ Have the **characteristics of the physical assets** reflected in indivisible products ➢ One **should prevent some specific bids**, which are set as **indivisible for pricing reasons**, would not be activated while in practice these bids could be divided ➢ Divisible and indivisible bids could over time **cohabitate** to allow the maximum of flexibility ➢ Bids have to be activated by a **minimum of 5 MW**: divisibility below this level should not be made possible
ARP	Yes	➢ Not clear
Exchange	N/A	➢ No answers
2 ARPs	Yes	➢ For industries certainly needed in production chain to know in planning phase what potential impacts are. Also needed for correct bids valuation if activated totally instead of partially
DSM	Yes	➢ Preference for full curtailment of power of running machinery, rather than partial curtailment, to capture all potential of power flexibility on the demand-side
RES	Yes	➢ Partial increase/decrease production only possible on limited n° of units

Question 3

Elia proposal	Flexibility provided by load or production might have a fixed cost each time it is requested. There are two ways of dealing with these fixed costs: • Allow conditional bids • Allow to send separate start costs next to an activation price
Question	Elia believes that conditional bids are the most pragmatic solution. Do you agree with this?

Stakeholders	Answer	Positions
ARP	Yes	➢ **Most programmatic** way to deal with fixed costs ➢ **More transparent** than the introduction of separate offers for start-up costs ➢ **Conditional bids between quarter hour**, in order to take into consideration maximum activation time per day, or start and stop costs of the flexibility units
DSM	Yes	➢ Can enable a load aggregator to **bid in different combinations of its portfolio** without penalizing neither cheap nor expensive offers
ARP	Yes	➢ If the **time period is fixed and only the volume can** vary to integrate the start cost, it is indeed the best option ➢ What if the use of conditional bids to reflect non-monotonous marginal cost curves etc. potentially lead to a **large number of conditional bids** – possibly in combination with the option of divisibility – resulting in complicated interdependencies ➢ this rather complex option should **not lead to the exclusion of some bids** ➢ the way the different bids are **presented on the screens** should be carefully assessed
ARP	Yes	➢ No motivations
Exchange	N/A	➢ **Makes a lot of sense** and represent an attractive solution for Market Parties ➢ However depending on the solution this type of bid will **generate implementation challenge** with regards to the screen visibility as well as any matching algorithm
2 ARPs	No	➢ **Pragmatic solution** but from a cost perspective probably not the most suitable option ➢ if a bid for a **15 min. period is prolonged afterwards** (which is realistic based on the NRV currently observed), then the conditional bid is remunerated several times for the implicit single start-up cost
DSM	Yes	➢ No motivations
RES	Yes	➢ No motivation regarding question

Question 4

Elia proposal	Elia believes that working with standard balancing energy products is the best solution to develop a balancing market for manual reserves.

Question	Do you support this idea?

Stakeholders	Answer	Positions
ARP	Yes	➢ A **good balance must be elaborated** to develop a well-functioning, open and transparent market for reserves through easy activable standardized product reflecting techno/economic characteristics that not restrict some sources of flexibility from participating to that market ➢ **Standard and extendable** products as long as indivisible and conditional bids are allowed
DSM	Yes	➢ Provides **liquidity** and enables real time transparent technico-economical **ranking** of offers ➢ Enables both **consumption and production flexibility** to participate ➢ Sends a **clear and lasting signal** to the market to enable investments in DSM techno
ARP	Yes	➢ No motivations
ARP	Yes	➢ No motivations
Exchange	Yes	➢ **Vital to guarantee liquidity** and facilitate transparency ➢ **Not support the proposition to have 15 minutes and 30 minutes products**: it will not work in favor of the liquidity of the 15 minutes products. So either 30 minutes will cannibalize 15 minutes product or 30 minutes product will not exist ➢ Propose to think about **linked 15 min product** that is priced differently if 2 linked 15 minutes products are activated consequently by the TSO
2 ARPs	Yes	➢ Standard product but with **longer period** because only 15' not possible for lot of processes ➢ 15' with min. 5MW threshold makes the **product not very attractive**
DSM	Yes	➢ Will result in liquidity and transparency
RES	Yes	➢ But activation time should be brought to 90 – 120 min to get substantial amount of power

Question 5

Elia proposal	There are 2 different ways for sending in bids to a platform: • Sending in a bid per quarter-hour; (current system) • Sending in a bid with an availability period (ex. 06:00 -> 10:45) (current proposal)
Question	Do you have a strong preference for one of the solutions?

Stakeholders	Answer	Positions
ARP	No	➢ The way for **sending in bids is not restricting from participating** to the platform or to include specific characteristics of some sources of flexibility ➢ The way of **sending in bids can easily be implemented** in an automated way
DSM	Yes	➢ Best solution lies with the **current system of a bid per quarter-hour** as it is more flexible than the current proposal ➢ **Fill in 96 values a day cannot be a valid reason** for choosing the other model when IT is so easily accessible to all stakeholders no matter their size ➢ It is very **hard to change** (to better stick to [illegible] market prices dynamics) **from an availability period based to a 15min based one** ➢ **Availability period model is a barrier** to the development of offers from demand site whose flexibility might not be present during a full availability period ➢ **Availability period** based model often comes with the need to pay an availability fee, which **implies a need for a D-1 gate closure**. This is too far away from real-time to enable fast DR from load to be developed
ARP	Yes	➢ **Makes sense to keep the quarter-hourly nominations** as this makes the transition for existing market participants easier because no changes to existing systems necessary For new market entrants the **cost of implementing** one or the other should be the same
ARP	Yes	➢ **Quarter-hour as it is the market standard**, which allows for a good combination of the systems we operate in day-ahead, intraday,... the rest of the market.
Exchange	N/A	➢ In the current proposal, can this product be activated for multiple periods?
2 ARPs	No	➢ No strict preference. **Bit more in favor of current proposal**
DSM	No	➢ But bid in availability windows allows BSP to reduce time in biding activities
RES	No	➢ No motivations

Question not well understood by all parties

Question 6

Elia proposal	See document or slides in appendix to get the main characteristics of the product proposal
Question	Do you agree with the standard products Elia is proposing? If not, which characteristics should be added to the product definition? Please explain why?

Stakeholders	Answer	Positions
ARP	No	➢ **Generation/load shifting aspects**: to schedule these load shifting effects in order to avoid to create new imbalances in the upcoming hours ➢ **Temporal conditional aspects**: allow temporal conditional offers for increasing the period of activation (expressed in quarters) keeping the activated volume (expressed in MW) constant. This would be realistic when the cost of keeping the activated volume online in the upcoming quarter is different from the cost in the previous quarter ➢ **Exclusive bids/maximum activation period/maximum consecutive activations**: it would be interesting if flexibility providers could indicate how often, or how long it can be activated because some types of generation or load have a minimum or maximum (scheduled) number of operating hours per day
DSM	No	➢ If 15 to 30min mobilization times are a good thing, the **minimum size of the products** should be of a **100kW with every bid in multiples of 100kW** ➢ Should **not be an availability period**
ARP	No	➢ **Clearly in favor of 15' blocks**. 30' product has limited upside potential, would add market complexity and make additional optimizations necessary to correctly interpret the Bid Ladder ➢ **To have linked bids** becoming active when a previous bid has been selected because cheaper price for the following quarter. Apply a clear and transparent selection procedure ➢ Open questions on product characteristics are raised
ARP	Yes	➢ No motivations
Exchange	No	➢ Motivations expressed in answer to question 4
2 ARPs	N/A	➢ **Get a product with longer period 1h - 4h** and take the risk to do bi-directional activation ➢ Focus in parallel more on **cross border alignment**
DSM	Yes	➢ Simple, transparent products have been proposed by ELIA
RES	N/A	

Question 7

Elia proposal	To settle the balancing energy in a pay-as-bid scheme. However the platform will be developed in order to allow an easy switch to a pay-as-cleared mechanism. The final pricing mechanism shall be determined in function of: • the required market design to allow cross-border exchange of balancing energy with neighboring TSOs. • the NC on balancing and related harmonization process
Question	Do you agree with the approach to start with a pay-as-bid mechanism and leave sufficient opening for future evolutions?

Stakeholders	Answer	Positions
ARP	No	➢ Develop the platform with a **pay-as-cleared mechanism from the start**: replacing the current pay-as-bid mechanism by a marginal pricing mechanism would contribute in attracting offers to the reserves market, resulting in competitive prices and avoiding regulatory intervention as we recently see to determine the R1 and R2 reservation fees ➢ The approach to **start with a mechanism that should probably be redesigned** in short-term to meet the requirement of NC Article 22 is **not in line with the objective defined in NC** Article 9 of efficient functioning and operation of the market ➢ **Marginal pricing** provides **objective and transparent signals** to all market participants ➢ **Pay-as-bid pricing is an entry barrier** for small players facing difficulties to estimate optimal bid prices. It is said to be avoided by the NC
DSM	Yes	➢ **Pragmatic approach**, which enables the development of a new mechanism without waiting for a final version of the NC
ARP	No	➢ It would thus be a **missed opportunity** not to bring the settlement process in line with practices on European level using marginal pricing ➢ Since the Elia proposal has the explicit goal of **converging the Belgian and Dutch reserve markets**, it should be pointed out that TenneT currently uses marginal pricing
ARP	Yes	➢ As liquidity increases, **a switch to pay-as-cleared should follow** (if allowed for by the NC)
Exchange	N/A	➢ No answer
2 ARPs	Not really	➢ In **case of costs/benefits analysis positive** and if additional costs are relatively limited, then they believe that Elia has to move towards a pay-as-cleared model
DSM	N/A	➢ No answer
RES	No comm.	➢ No comments

Question 8

Question	Do you have other remarks regarding the proposal of Elia ? Please explain the 3 most important issues or concerns

Stakeholders	Main Issues
ARP	➢ **Bidding procedure and related IT requirements** currently in place in the CIPU framework **should be simplified** while avoiding to entirely develop new IT requirements ➢ Deal carefully when developing a **proper compensation mechanism** for large scale development of activating reserves at distribution level in long term
DSM	➢ **Separation between BSP and BRP** is not treated. Suppliers do not seem to see the value in DSM and hence do not try and sign agreements with BSPs to exploit the flexibilities within their portfolio ➢ The **pricing of an offer is nearly impossible** without taking a price risk (Bidder not in position to know an hour in advance which imbalance price that he needs to incorporate into his bid price to break even). This is so a good reason to consider again the relationship between BSP and BRP because this pricing issue and the separation question are somehow related
ARP	➢ Elia foresees the option to spread the starting cost (if any) over a variable volume via the conditional bids, but how will Elia allow to **take into account the starting costs on consecutive products** linked to the same asset? ➢ **Firmness** is not clear ➢ Did Elia make the analysis if all **CIPU assets** will be conform with the proposed standardized products? ➢ Pleads for **no overlap between Intraday** (GCT 5' before real time) **and Balancing** (booked 1h before real time) markets ➢ **Exceptional deviation** from the economically optimal call-up (e.g. due to locational issue) and subject to proper publication, reporting and regulatory supervision
ARP	➢ **Reserved capacity** (R3 prod and R3 DP) should be allowed to participate in the bid ladder process ➢ **B2C interface** for this kind of work seems **unnecessary**. B2B should be kept as simple as possible
Exchange	➢ Operational rules to be **compatible with the current functioning of the Intraday** ➢ **Firmness** is not clear ➢ Is there a willingness to be as close as possible to **TenneT model** (that doesn't work well with the Intraday market) to have quickly a cross border market?
2 ARPs	➢ Get **longer time products** ➢ Compensating/exemption of the penalty linked to offtake subscription is important
DSM	➢ Would **appreciate a pilot with DSO connected load**, in parallel with TGU roll out
RES	➢ No issues

Agenda

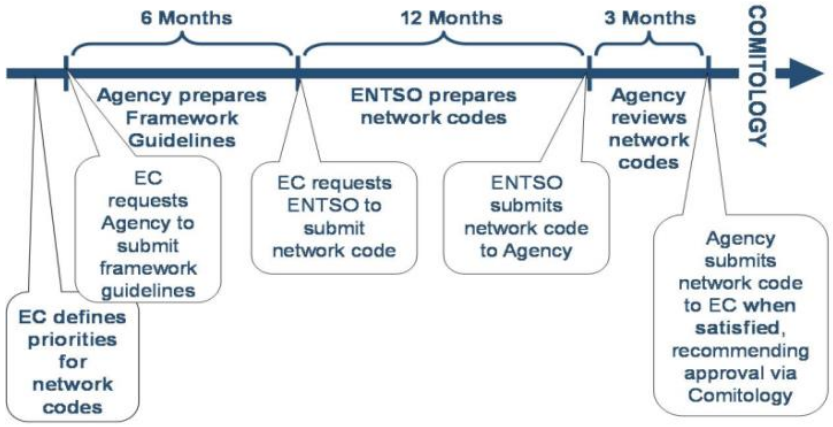
1.	Welcome	13h30
2.	Validated Meeting minutes dd 24-05-2013	13h40
3.	Feedback R3-DP: prequalification procedure, timings and next steps	14h10
4.	Enhancement Balancing Publications: Status of developments	14h30
5.	Short Term Sourcing – Bidding process	15h00
6.	Pauze	15h15
7.	Bid ladder, feedback survey, timings and next steps	**15h45**
8.	Network Code Balancing – Introduction of principles	**16h15**
9.	ARP-Contract: Articles 10.2 & 11.1.2 – Final proposal after consultation	16h30
10.	Questions – Remarks - Next steps - next meeting date	

Network Code Balancing – Introduction of principles
=> Content

- **Introduction**
- **Concepts/terminology**
- **Timing**
- **Important dates**

Network Code Balancing – Introduction of principles
=> Context

- Europe aims at providing harmonized rules for balancing markets stipulated by a binding European Networkcode on balancing
- The drafting of those documents involves the European Commission, ACER and ENTSO-E.
- The process for the adoption of the framework guidelines and the network codes is the following:



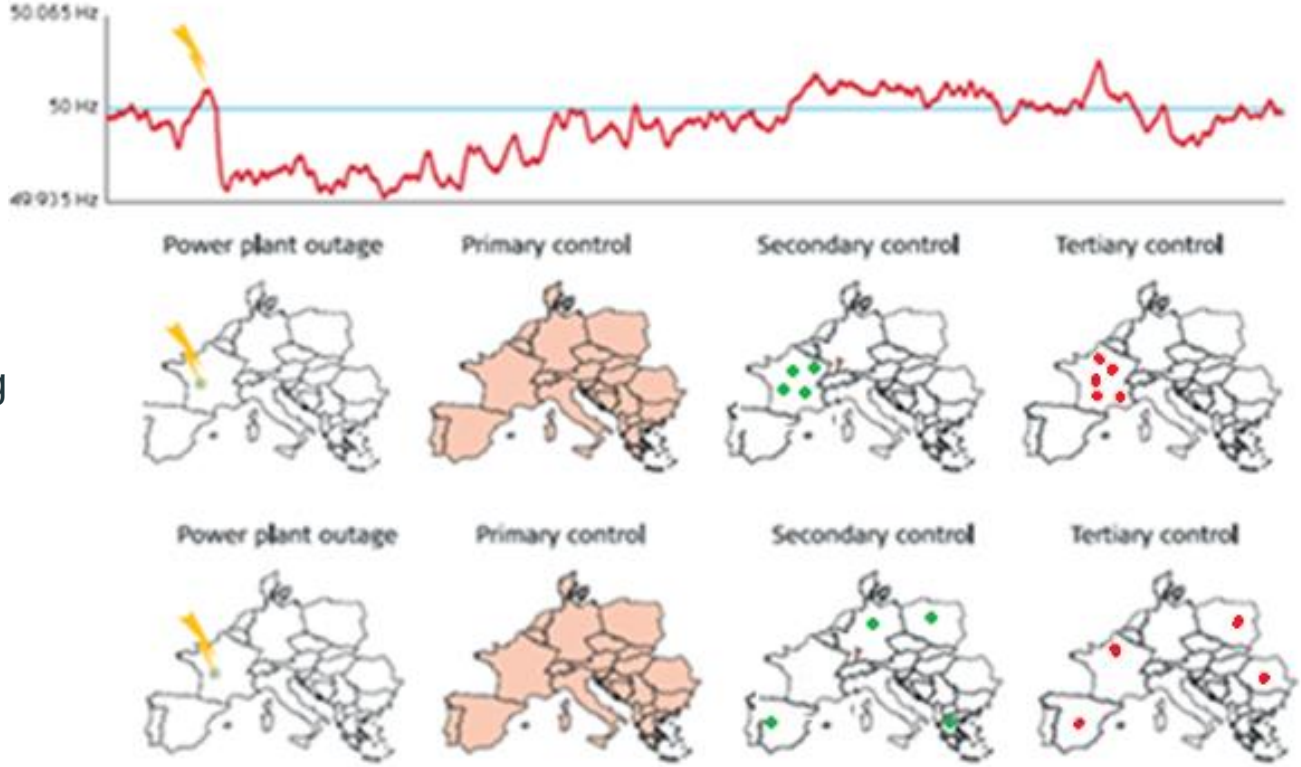
- Important milestones:
  - Summer 2013 Public consultation on draft NC on balancing
  - End of 2013 Final draft of NC on balancing
  - 2014 Start commitology process
  - **2015 NC enters in to force (??)**

Network Code Balancing – Introduction of principles
=> Objectives

- The core goal of the Framework Guidelines is to establish an European wide integrated cross-border balancing market where TSOs balance the system in a coordinated way in order to use the most efficient balancing resources taking into account transmission capacities.
- Current way of balancing

R2 requested by RTE

R3 requested by RTE



- Future way of balancing

R2 requested by RTE

R3 requested by RTE

Network Code Balancing – Introduction of principles
=> NC LFC vs NC on Balancing

Technical

NC LFC&R:

Determine required **volumes** and **distribution of reserves** to ensure operational security

- Dimensioning of reserves.
- Technical limits for exchange, sharing and cross-border activation of reserves.

Technical requirements to ensure **safe exchange / sharing / cross-border activation of reserves**

- Need for available transmission capacity.
- Fall-back solutions.

Market

EB NC:

Provision of required reserve volumes (within the limits for distribution set by NC LFC&R)

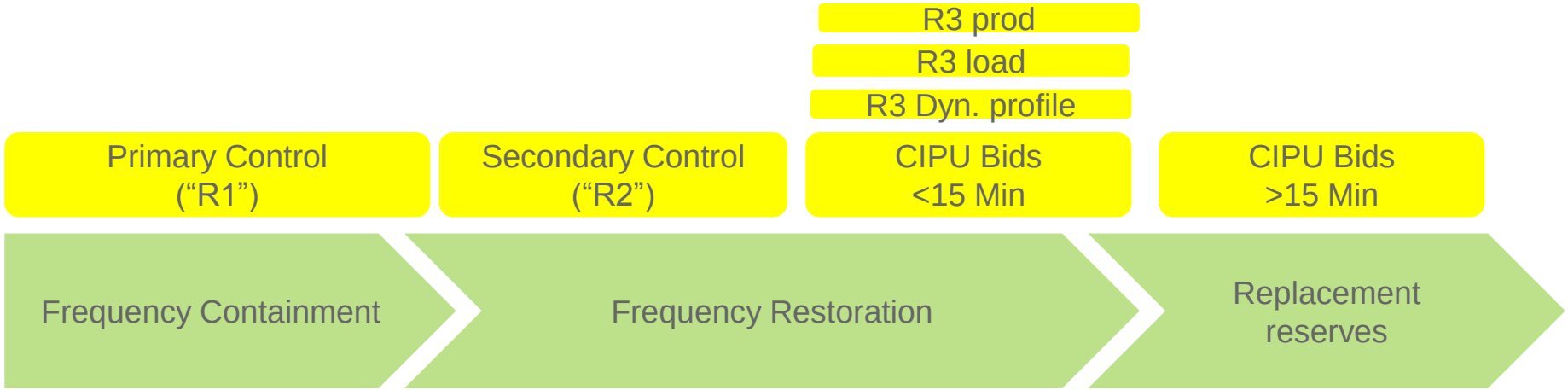
Optimised activation of reserves (energy) available in the system.

Mechanisms to ensure the **available transmission capacity** for exchange/sharing/cross-border activation of reserves

Network Code Balancing – Concepts/Terminology
=> Control processes LFC code: FCR/FRR/RR NC

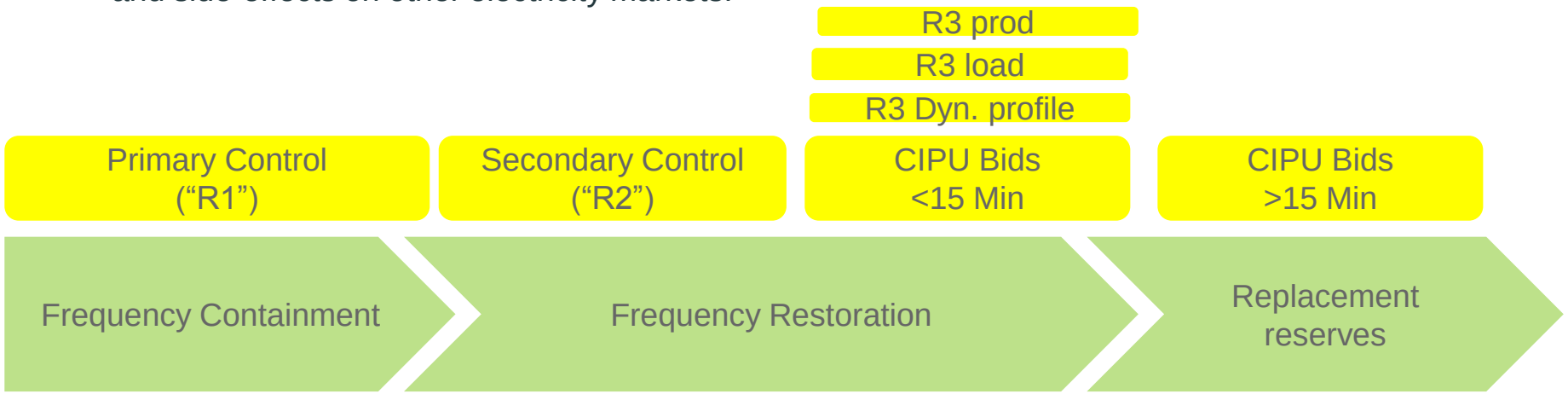
New terminology for balancing energy products

- **Frequency Containment Reserves (FCR):** stabilize frequency after imbalance to value different from 50 Hz
  =~Primary control (R1)
- **Frequency Restoration Reserves (FRR):** restore the balance of the Control Area within 15 minutes. Distinction between
  - Automatic FRR (aFRR) **=Secondary control (R2)**
  - Manual FRR (mFRR) **= R3 production, R3 load & CIPU bids with activation time <15 min**
- **Replacement Reserves:** free-up FRR to cope with future imbalances/incidents
  = CIPU bids with activation time >15 min



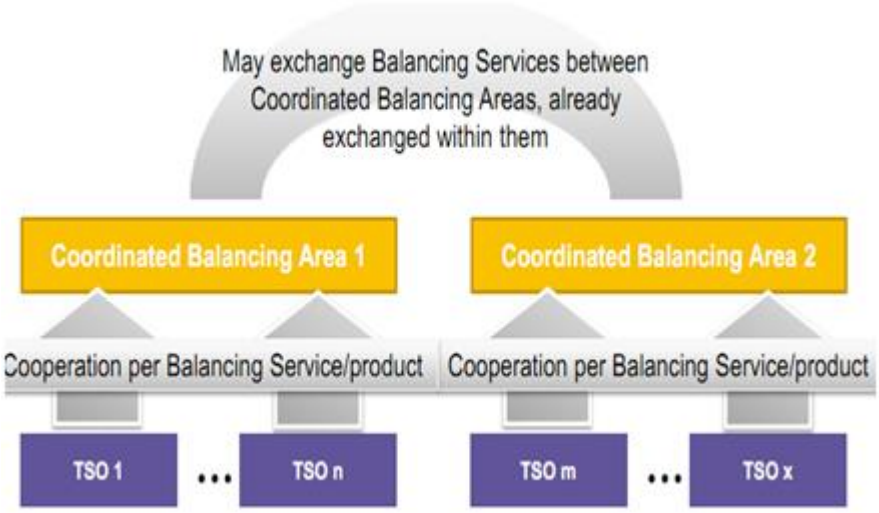
Network Code Balancing – Concepts/Terminology
=> Standard products

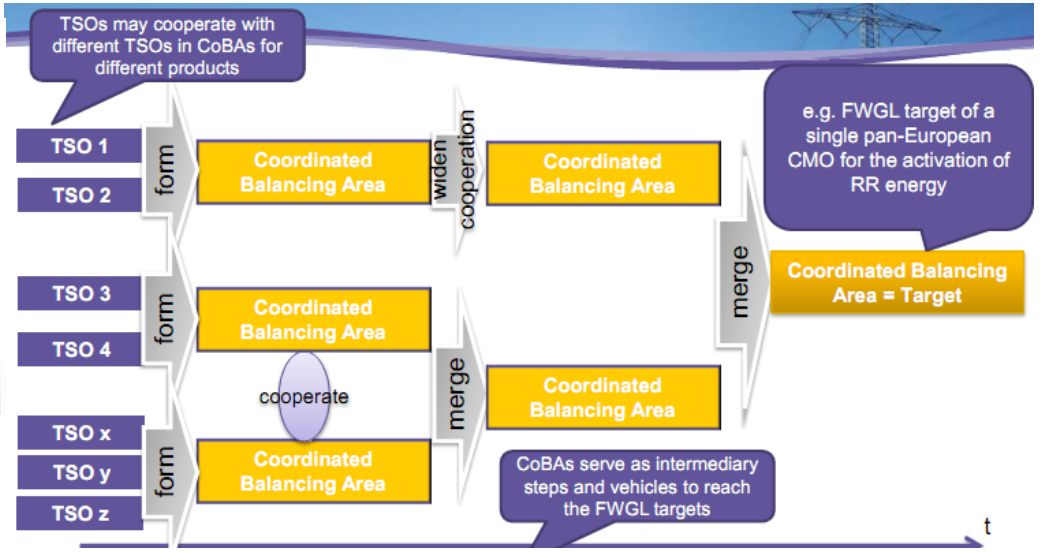
- No later than twelve months after entry into force of this Network Code, all Transmission System Operators shall prepare a common initial proposal for standard Balancing Reserve and Energy products.
- Specific *balancing energy* and *balancing reserve* products are allowed if:
  - Resources from standard products would not be sufficient to balance the system
  - Specific products does not create significant inefficiencies and distortions in national or cross-border adjacent markets.
  - approval of the relevant *NRAs*.
  - analyse in the *annual report* the costs and benefits and the possible inefficiencies and distortions of having these specific products in terms of competition and market fragmentation, facilitation of *demand response* and participation of renewable energy sources, integration of *balancing* markets and side-effects on other electricity markets.



Network Code Balancing – Concepts/Terminology
=> Coordinated Balancing Area (CBA)

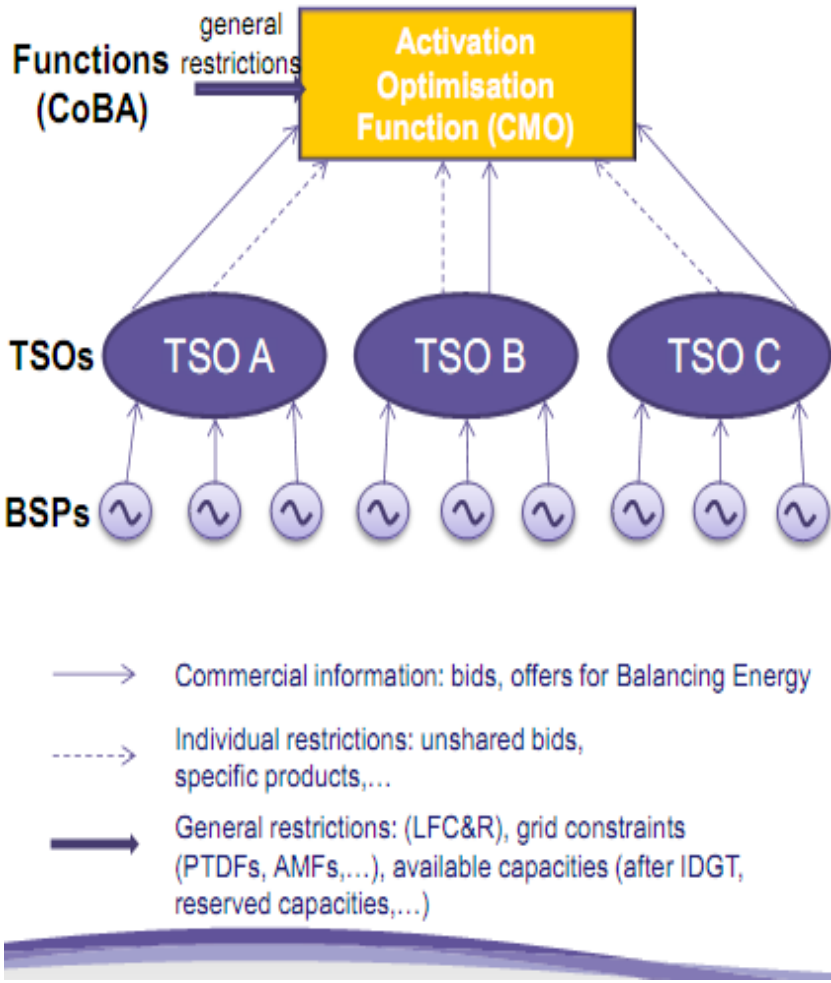
- TSOs shall be obliged to cooperate in a so called Coordinated Balancing Area (CoBA) with one or more TSOs.
- Each CoBA includes the exchange of one (or more) Standard Product(s) and Imbalance Netting, exchange of reserves is optional
- Functions are performing central tasks; Counteracting Activation Minimisation Function, Reserve Procurement Optimisation Function, TSO-TSO Settlement Function, Activation Optimisation Function, Transfer of Reserve Optimisation Function
- CoBa's shall be merged until there's one big coordinated balancing area" across Europe.





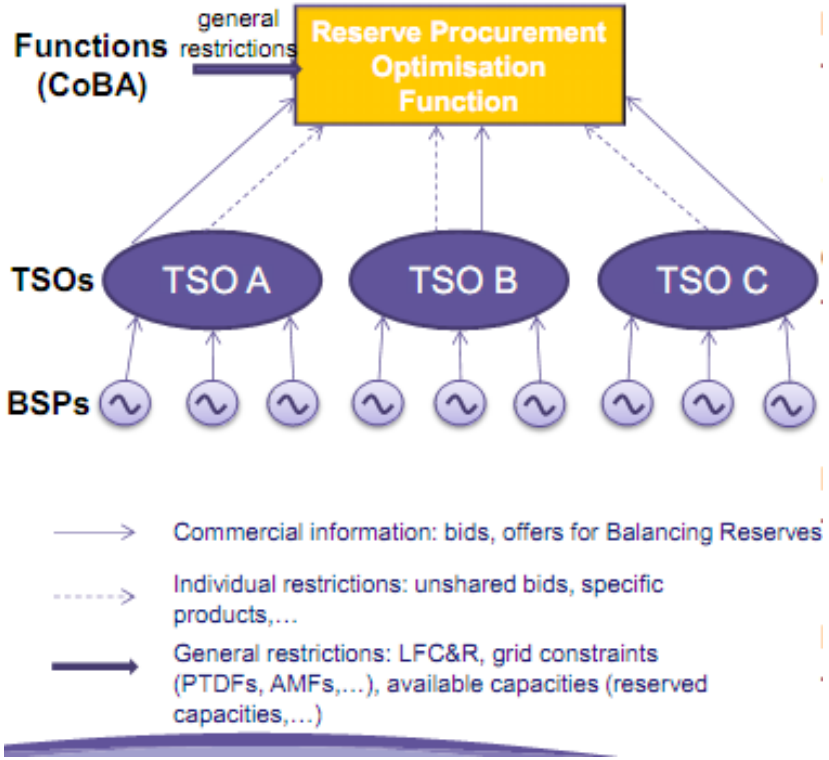
Network Code Balancing – Concepts/Terminology
=> Activation optimisation function for balancing energy

- All balancing bids offered by providers shall be transferred by TSOs to "**the activation optimization function"** of the coordinated balancing area (Coba).
- The activation optimization function of each Coba shall create "**common merit order lists**" of balancing bids per product category.
- In case of system imbalances **TSOs shall request** an activation of balancing energy **to the activation optimization function**
- The activation optimization function shall **activate the cheapest bids on the common merit order list**. Inform the reserve connecting TSO and the reserve requesting TSO.
- The **TSO-TSO settlement function** shall perform the settlement of the activated balancing energy between the reserve connecting TSO and the reserve requesting TSO.



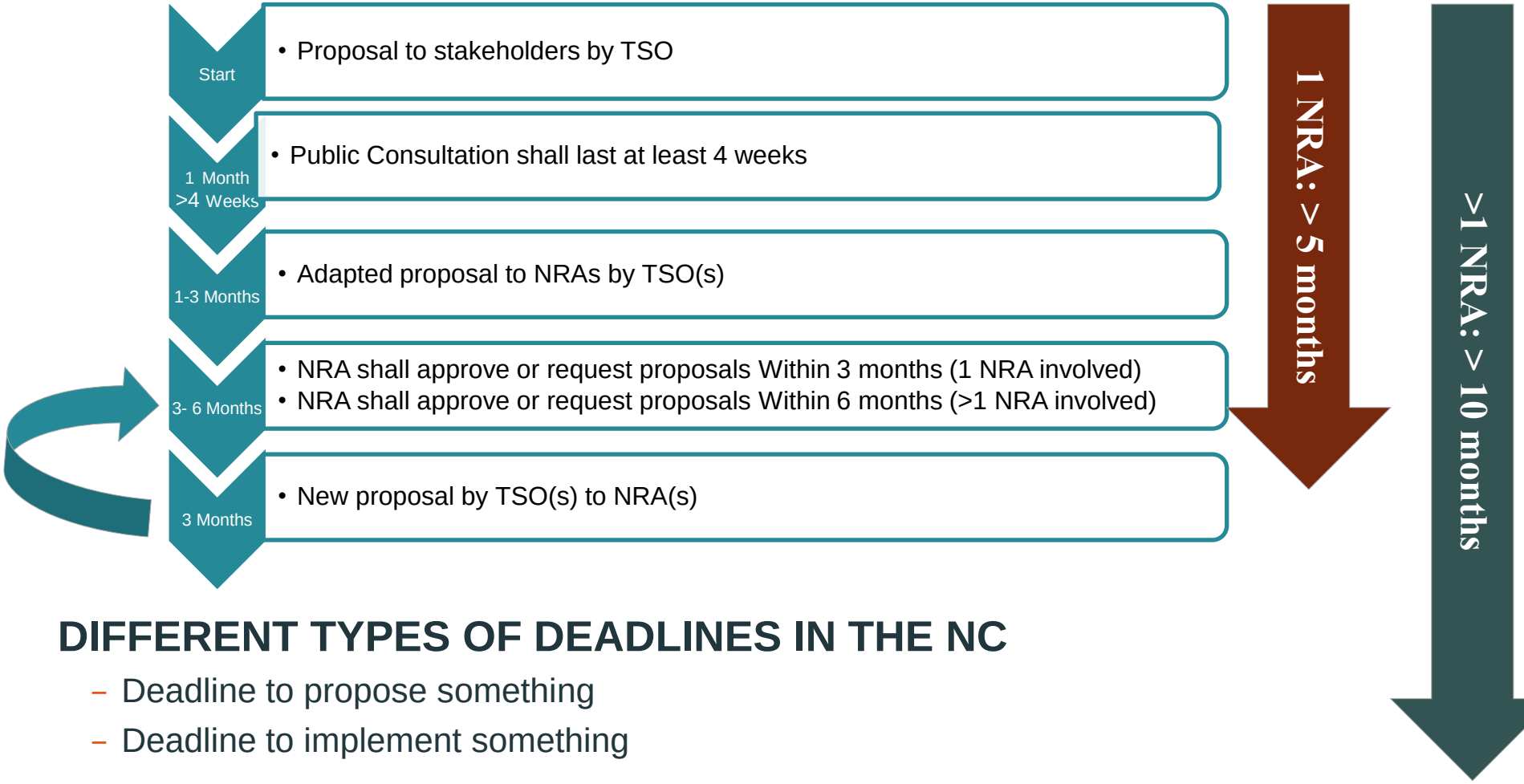
Network Code Balancing – Concepts/Terminology
=> Activation optimisation function of reserves

- The **cross-border exchange of pre-contracted reserves** is **optional** and not imposed. However if this done it should happen by means of:
  - A common procurement process of reserves;
  - Use harmonized reserve products
  - No reservation of cross border capacity is allowed unless a cost benefit analysis is showing the added value
  - In an interim phase a TSO-BSP model is allowed



Network Code Balancing – Timings
=> Approval & implementation process

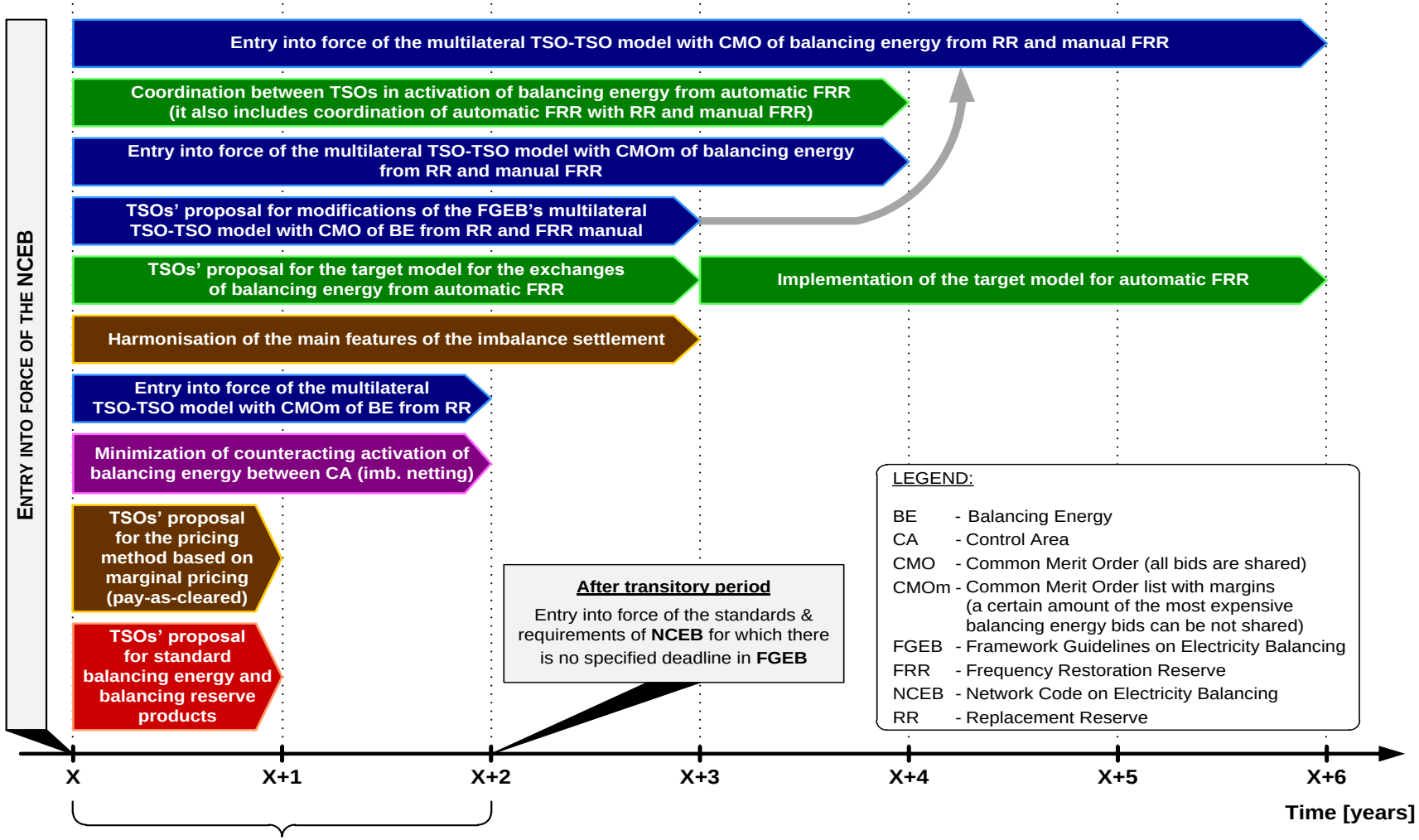
APPROVAL PROCESS



DIFFERENT TYPES OF DEADLINES IN THE NC

- Deadline to propose something
- Deadline to implement something

Network Code Balancing – Timings
=> Deadlines



MAX LENGTH OF THE TRANSITORY PERIOD

The determination of the transitory period shall be subject to consultation with the relevant stakeholders

FGEB foresees **DEROGATIONS** - a maximum period of 2 years when some provisions of the NCEB can be ignored (granted case-by-case)

Public consultation

has been launched **the 17th of June 2013**

All interested parties are invited to submit comments **by 16 August 2013**

www.entsoe.eu **> NEWS& EVENTS > ENTSO-E Consultations**

Members of TF balancing are invited so send their comments to their associations

Public Workshop

Will be organised on **17th of July 2013** in Brussels

Registration for participation before **5th of July**

www.entsoe.eu **> NEWS& EVENTS > Events**

Thank you for your attention

For more information, contact Elia:

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Elia – Energy Management
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Agenda

1. Welcome

13h30

2. Validated Meeting minutes dd 24-05-2013

13h40

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14h10

4. Enhancement Balancing Publications: Status of developments

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15h45

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16h15

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16h30

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Modifications ARP Contract
=> Article 11.1.2

Inputs from market parties during consultation + fine-tuning of the product design + discussion with ARPs representatives

New proposal discussed & agreed

⇒ Short term solution, reflecting the duration of the product as currently designed (01/01/2014 – 31/12/2015)

- ⇒ To assess & review, during that period, the product & the contract accordingly
- ⇒ Possibility to extend the duration, if imposed by a regulator or by law
- ⇒ Principles settled only for product R3 DP and cannot be taken as such as a legal precedent

⇒ Organisation of the information process on the R3 DP activation, from Elia to ARPs:

- ⇒ Text refers already to the objective being to inform the BRP of the exact volume activated within its portfolio

Modifications ARP Contract
=> Article 11.1.2

⇒ Liability regime

⇒ The ARP is not liable, in the sense of Article 10, for the imbalance of his perimeter strictly resulting from the activation of the R3 DP and during the period of this activation

⇒ Consequences:

- The possible damages supported by the ARP and resulting from a fault done by Elia during the activation of the R3 DP are to be claimed to Elia according the general ARP contract regime (Art. 20)
- The ARP remains responsible for any imbalance of his perimeter not resulting from the activation of the R3 DP (general balance obligation in DA, ID & real time)
- The text foresees the case of one ARP that is in imbalance in real time to help the zone (regime of future Art. 10,2) and at the same time, having his perimeter impacted by an activation of R3 DP. Liability regimes of Art. 10.2 and 11.1.2 are applied in parallel to the MWs concerned by each regime.

Modifications ARP contract – new Art. 11.1.2

En cas de demande par Elia à un Fournisseur de profils dynamiques de modifier ou d'interrompre des Prélèvements/Injections qui auraient un impact sur le Périmètre d'équilibre de [ARP], dans le cadre des services d'ajustement de profil conclus par Elia, le Périmètre d'équilibre de [ARP] n'est pas corrigé pour la durée de la modification ou de l'interruption.

Dans le cas d'une telle modification ou interruption, sans préjudice d'une information similaire provenant du Fournisseur de profils dynamiques à [ARP], Elia informe~~ra~~ [ARP], au meilleur des connaissances dont Elia dispose, **du volume maximum activable et, si Elia en dispose, du volume effectivement activé des** ~~quant aux~~ Prélèvements/Injections concernés qui **sont** ~~seraient~~ dans le Périmètre d'équilibre de [ARP] des Prélèvements/Injections concernés. Cette information **est** ~~sera~~ donnée à [ARP] dans les quinze (15) minutes **après l'activation** ~~suivant la~~ **de la** modification ou **de** l'interruption, par téléphone et/ou par e-mail ~~et/ou par fax~~ (contact disponible 24h sur 24h conformément à l'Annexe 6 du Contrat).

~~Elia ne peut, en aucune circonstance, être tenue pour responsable, au sens de l'article 20 du Contrat, pour tout dommage résultant directement ou indirectement de la modification du Périmètre d'équilibre de [ARP] en raison de l'activation d'un tel service d'ajustement de profil~~

~~Le fait de subir une telle modification de son Périmètre d'équilibre ne supprime en aucun cas l'obligation de [ARP] d'être à l'équilibre lorsqu'il soumet ses Nominations Day-ahead et Intraday relatives à son Périmètre d'équilibre, ainsi que prévu à l'article 12.1 du Contrat.~~

[ARP] a l'obligation d'être à l'équilibre en temps réel ou de préserver sa capacité à revenir en temps réel et à tout moment à l'équilibre de son Périmètre d'équilibre, en application de l'article 10 du Contrat, sauf dans le cas de la modification par le Fournisseur de profils dynamiques de son Périmètre d'équilibre pour le volume et la durée de l'activation du service d'ajustement de profil, en application du présent article. Par conséquent, [ARP] n'est pas considéré comme responsable, au sens de l'article 10 du Contrat, de ce déséquilibre spécifique dans son Périmètre d'équilibre.

Questions and/or Remarks ?

Next steps & next meeting date

1. Written comments on todays presentations are welcome!
2. Elia will send meeting minutes (incl all slides) for validation.
3. **Next meeting (taskforce 7) in September**
    - Doodle TF7 will be sent after the meeting

Thanks for your attention

27/06/2013

Elia