Minutes of Meeting
TF "Implementation Strategic Reserves"
3 December 2014

Meeting location: Hotel Carrefour de l'Europe, Grasmarkt 110, 1000 Brussels
Meeting date: 3 December 2014, 9h00-12h00

List of participants

The following persons were present at the meeting of 3/12/2014:

Name	First name	Affiliation
Alboort	Philippe	ArcelorMittal Belgium
Claes	Peter	Febeliec
De Jonghe	Cedric	Actility
De Laet	Peter	Total
De Waele	Bart	CREG
De Wispelaere	Bram	EDF Luminus
Debrigode	Patricia	CREG
Debroux	Bernard	GDF Suez
Degroote	Lieven	Eandis
Doin	Benoit	Enel
Gheury	Jacques	CREG
Gouverneur	Bruno	Synergrid
Harlem	Steven	FEBEG
Jong	Dieter	Anode
Kreutzkamp	Paul	Next Kraftwerke Belgium
Lauwers	Mark	Twinerg
Leroux	Amandine	Resa
Lhomme	Raphaël	Air Liquide
Mermans	Pieter-Jan	Restore
Platbrood	Ludovic	Eni
Ramault	Geert	Restore
Roselli	Pasquale	Enel
Schell	Peter	Restore
Verrydt	Eric	BASF
Wyverkens	Herman	E.ON Benelux
Spire	Emeline	Elia (president)
Ottevaere	Liesa	Elia (secretary, speaker)
Tsiokanos	Anna	Elia (speaker)
Vandenbroucke	Hans	Elia (speaker)
Buijs	Patrik	Elia
De Wilde	Vanessa	Elia
Thüngen	Carl-Stephan	Elia

The following persons were not present but showed interest in the Task Force and are included in the direct mailing list:

Adams	Claude	FOD Economie
Antoons	Eric	Parkwind
Arbeille	Jacques	Energy Pool
Baudson	Patrick	ArcelorMittal
Bécret	Jean-Pierre	Solvay
Breidenbaugh	Aaron	EnerNOC
Cervi	Raymond	Sotel Réseau & Cie
Clement	Marc	Tessenderlo Group
Curvers	Daan	COGEN Vlaanderen
De Waal	Theo	Essent
De Waele	Dirk	Agfa
Deheegher	Tine	VOKA
Demaret	Frederik	EDF Luminus
Detollenaere	Alice	ODE
Dexters	Annick	Infrax
Eeckeloo	Noel	Evonik
Endicott	Brendan	EnerNOC
Flamm	Andreas	EnerNOC
Gabriels	Senne	FOD Economie
Gerard	Frank	Edora
Godts	Annemarie	Electrabel
Gommeren	Ward	Power Alstom
Hajjam	Mehdi	Actility
Harte	Patrick	E.ON Benelux
Hensmans	Jan	FOD Economie
Josse	Alain	CBR
Laumont	Noémie	Edora
Lenaerts	Stijn	Greenfever
Loos	Rob	APX Endex
Massin	Bart	GDF Suez
Matevosyan	Anna	T-Power
Meynckens	Geert	Ineos
Michiels	Gregory	EDF Luminus
Nihant	Pierre	EDF Luminus
Paquot	Remy	ArcelorMittal Belgium
Pierreux	Nicolas	Belpex
Renaud	Jeff	EnerNOC
Scholtes	Emilie	Energy Pool
Sellier	Bertrand	Valoris-energie
Soens	Joris	Eandis
Thonet	Bertrand	Duferco
Van Den Berg	Jasper	Powerhouse
Van Der Maren	Olivier	VBO-FEB
Van Gijzeghem	Francies	ODE

Vande Velde	Lut	BOP
Verbeeck	Wouter	Greenfever
Verbruggen	Pierre	Actility
Verlinden	Pieter	Eni
Vermeiren	Christian	T-Power
Verwimp	Sven	Nyrstar
Vinck	Kurt	Borealis
Voet	Peter	Total
Zaman	Rolph	Febeliec

Agenda

1. Approval of draft minutes TF ISR 22/10/2014 *(10 minutes)*
2. Overview of design evolutions *(10 minutes)*
3. SDR product design *(1 hour 10 minutes)*
    - SDR DSO: feedback Expert WG
    - Shedding modalities and availability remuneration
    - Submetering technical specifications
    - Baseline
    - Model of impact on BRP for submetering

    (Coffee break, 15 minutes)

4. SGR product design *(15 minutes)*
5. Tender design *(1 hour)*
    - SGR bidding sheets
    - SDR Certification

There was no comment on the agenda.

All agenda items were supported by a presentation prepared by Elia. These slides serve as a background for these minutes and are available online on the website of the Task Force.

1. Approval of draft minutes TF ISR 22/10/2014

The draft minutes of the previous meeting of this Task Force (22/10/2014) were distributed by e-mail prior to this meeting. One remark was received (see below) but did not lead to an adjustment of the minutes. The minutes are approved by the Task Force and will be published on the website of the Task Force.

The following remarks were made by stakeholders:

- *Remark by FEBEG*: During the previous meeting of this Task Force, and included in its minutes of meeting, Elia made the remark that based on the reading of Art. 7 quinquies by Elia, power plants need to prepare to be able to participate to the tender. FEBEG wants to formally dissociate itself from this interpretation by Elia of Art. 7 quinquies of the Electricity Law as it is not up to Elia to interpret the Law and will contact the relevant authorities for this topic.

2. Overview of design evolutions

An overview of which SDR, SGR, tender and market design aspects will be treated in which Task Force meeting was presented. Elia emphasized that specifically *market design* changes will be limited since gaining experience based on the winter 2014-2015 is required. Therefore, market design changes will mainly be concentrated on ensuring consistency with product design changes. The changes to the SGR design are mainly aimed at adapting the modalities to new potential SGR suppliers in order to limit entry barriers and aimed at providing further clarifications. The purpose of the SDR design changes however is to attract new segments (e.g. DSO, processes that require a submeter), and as a consequence new modalities will be set. The tender design will be adjusted to the new product design and will therefore contain some new elements (e.g. pre-qualification DSO, requirements for submeters) on the one hand and the parameters of the formula that is used for the selection of the offers will be adjusted according to the new volume that will be set by the minister. For all (re)design efforts the feedback received from stakeholders is taken into account as much as possible.

The following remarks were made by stakeholders:

- *Remark by EDF Luminus*: The risk of an imbalance price of 4500 €/MWh creates an asymmetric situation for asset optimisers since on the one hand, BRPs are morally obliged to offer all the available production capacity on the day-ahead market where a maximum price of 3000 €/MWh is applied. On the other hand, they are subject to the operational risk linked to the assets, resulting in a risk of an imbalance price of 4500€/MWh.
- *Reaction by Elia*: The goal of the risk of an imbalance price of 4500€/MWh is to give an incentive to the market to reveal and solve adequacy problems in day-ahead in order to avoid reaching an imbalance price of 4500€/MWh. The operational risk appears to be rather intrinsically linked to running assets in the market and goes beyond the design itself of strategic reserve.
- *Remark by FEBEG*: This risk is more elevated in Belgium than in other countries as in other countries the balancing pricing regime is different.

3. SDR Product Design

SDR DSO: feedback Expert WG

During every Task Force meeting, a short feedback of the Expert Working Group is foreseen. Two Expert Working Group meetings already took place; on the 14th of October and the 17th of November. The next Expert Working Group meeting will take place on the 10th of December.

The most important elements discussed and concluded during the Expert Working Group are the clear preference for a “drop by” product for SDR from the DSO-grid and a global agreement to apply the “no correction” principle for the BRP-perimeter in case of activation. The non-eligibility of emergency generators and CHPs as assets that provide SDR still needs to be confirmed. During the next Task Force meeting, an update of the evolutions with respect to this topic will be given. Regarding submetering, three options were proposed and, since no nominations are available for the DSO grid, a baseline is needed as a reference for activation for which the aggregators made a proposal which Elia is currently investigating.

With regards to the practical organisation and planning, the following elements were emphasized:

- DSOs are drafting a generic contract encompassing the delivery of both SDR and R3DP from DSO-access points. This DSO-FSP contract will be put in consultation in January and should be available to candidate-SDR providers prior to the call for candidates.

- A compliancy check for SDR from the DSO grid by the DSO is a prerequisite. For every access point that will be submitted for participation to SDR, the DSO needs to assess to what extent the existing connection contract allows the access point to participate in offering flexibility. This compliancy check can be done at any time, and the result is valid for all subsequent tendering processes.
- A second request that the SDR supplier connected to the DSO grid needs to submit is the NFS-request. A positive NFS is required prior to a request for certification.
- The exact planning is still under discussion and Elia welcomes all the input with regards to this. Elia would like to raise a specific question to the potential SDR suppliers: How much time would be needed between the obtainment of a certification and the submission of an offer?

The following remarks and questions were made by stakeholders:

- *Remark by Restore*: If the design is frozen on the 23th of January and the compliancy check by the DSO should be performed by the 1th of February, this only leaves one week (from 23/1 to 1/2) to sign the necessary contracts between the SDR suppliers and the DSO. This might lead to a disappointment in the offered volume compared to the process for the winter 2014-2015.
- *Answer by Elia*: The compliancy check is totally independent from the design and can be arranged sooner.
- *Answer by Restore*: As long as the design is not frozen, you cannot make commitments yet.
- *Answer by Synergrid:* The compliancy check is a document that provides the grid user information on which and how assets can be used to offer flexibility, based on the existing connection contract (which can be changed if needed). This is independent from the SDR product design as it is also required to provide other ancillary services (e.g. R3DP).
- *Related remark by Restore:* 10 weeks would be needed in between the freeze of the product design and the submission of a NFS-request or certification request. This means that a deadline at the end of March would be reasonable but a deadline in the beginning of March is not feasible. If only 5 weeks are allowed between the freeze of the design and the deadline for an NFS-request, the additional SDR volume that can be offered might result in a disappointment. Restore agrees that the DSOs should be well informed but consider that the NFS can be performed later and is not a prerequisite for the certification request or the call for tender. Furthermore, no legal basis to give a negative NFS exists since consumers cannot be forced to consume and experience shows that this would only occur in very exceptional circumstances. Restore emphasizes the preference for exclusion of an access point from activation if, in exceptional circumstances, the DSO concludes that an access point would cause congestion.
- *Answer by Elia*: It is difficult to assess offers at the tender if a positive NFS is not yet obtained, since this would result in the risk of accepting conditional offers that have to be rejected afterwards due to a negative NFS. The legal deadlines are very constraining. However minimizing the time to assess a NFS-request can be further discussed in the next Expert Working Group.
- *Related question by EDF Luminus*: Since an SDR supplier is offering a pool of access points; to what extent can access points be added to the pool afterwards?

- *Answer by Elia*: The certification determines a cap on what can be offered, so it is possible to add new access points afterwards only if the certified and contracted Rref is respected. The SDR-provider can enlarge his portfolio with EANs, subject to DSO-approval and inclusion of the added access point(s) in the DSO-FSO contract (Annex), as long as the contracted volume is respected.

Shedding modalities and availability remuneration

To the existing TSO-connected product segment, two new segments are added; namely the TSO "submetering" segment, which allows assets behind a submeter, which is placed behind an Access Point to the TSO grid, to offer SDR, and secondly the DSO-connected load segment. The objective is to limit the differences, such as shedding modalities and number of activations, across the segments but this is not straightforward for all segments.

With regards to the amount of activations, prior to the Task Force meeting, the stakeholders raised the concern that the current maximum cumulated activation duration of 130hours is too restrictive for certain grid users and in order to attract more volume, the cap should be reduced. However, since this cap was set based on the strategic reserve volume requirements that resulted from the previous security of supply assessment by Elia on the one hand and based on the use of SDR as a peak product with a maximum ratio of SDR versus SGR in mind on the other hand, it is unlikely that Elia will be able to reduce the yearly cap because the required volume and the ratio of SDR versus SGR will change according to the new security of supply assessment. However, an investigation of setting, on the top of current characteristics, a weekly and/or monthly cap is ongoing. Concrete proposals will follow in the next Task Force meeting.

During the Expert Working Group, a clear preference for a "drop by" product for DSO connected load was expressed. Therefore, only this will be implemented unless Elia receives the explicit request for the analysis of a "drop to" product on DSO level. At TSO level, both products seem to have an added value and therefore, both products will be implemented.

At the DSO level, neutralising the perimeter of the BRP is more complex than at the TSO level. Therefore, the "no correction" solution seems to be the only feasible and implementable option for the DSO level. During the last Expert Working Group, this solution was accepted by all the stakeholders and this option also fits well with a capacity product such as SDR. The investigation of which model to be used for the TSO submetering segment and to what extent the solutions at TSO level should be harmonized is still ongoing.

The following remarks and questions were made by stakeholders:

Amount of activations:

- *Question by Anode*: Is it adequate to foresee a peak shaving product, designed for the most extreme peaks, that is activated during every morning and evening?
- *Answer by Elia*: The higher the volume needed for strategic reserves, the higher and longer the peaks (and thus the call upon peak shaving products) would be. Elia raises the request to the Task Force to provide comments on the intention to keep the winter cap that is currently set and add a monthly and/or weekly cap.

"Drop by" versus "drop to" at DSO level:

- *Question by Anode*: Is the "drop to" or "drop by" question not linked to the submetering issue since submetering could allow solving most situations where "drop to" is not suitable?

- *Answer by Elia*: During workshops with grid users, in order to collect experience feedback on SDR, it has been explained that submetering does not solve all the situations where a "drop to" product is not suitable, as the suitability of a "drop to" or "drop by" product also depends on the nature of the industrial process and possibly other parameters.

BRP perimeter correction:

- *Remark by Restore*: For SDR 2015-16, Restore is in favour of harmonization and "no correction" for all categories.
- *Remark by Anode*: Harmonization and "no correction" for all categories would indeed be the simplest solution but actually neither is correct. In the Netherlands, they perform a correction based on the measurements of the submeter data instead of neutralizing the perimeter of the BRP.
- *Question by Febeliec*: What is the difficulty with submetering?
- *Answer by Elia*: These issues will be treated by the following agenda points.

Submetering technical specifications

The main advantages of submetering are the enhanced clarity on how much flexibility is activated and the opportunity to offer more flexibility services behind a unique access point. In a first step, submetering on TSO level will be further investigated. The main aspects to investigate are the roles and responsibilities (e.g. certification of the meter). The following options are considered:

1. Elia submeter;
2. (Elia) datalogger (with private submeter); private submeter that communicates with the Elia system through a data logger which ensures the data transfer
3. Private submeter with compliant protocol; private submeter that is compliant with the desired criteria, is certified and communicates directly with the Elia system through Elia protocol
4. Private database (with private submeter); this does not guarantee authenticity and is therefore not acceptable as an option.

The following remarks and questions were made by stakeholders:

- *Question by Air Liquide*: Is option 4 also not considered for CDS?
- *Answer by Elia*: For directly TSO connected clients, this option is not considered and a choice between the first three options would be offered. The investigation for CDS-customers is still ongoing and more information will be provided during the next Task Force meeting.
- *Question by Anode:* Why is the 2nd and 3rd option not possible at the DSO level as well? These options only require an agreement between Elia and the grid user. Does this change today's work of the DSOs?
- *Answer by Elia:* The DSOs are investigating the options but since the implementation is complex, the timing is quite tight and this is an important step, the intention is to start with the implementation of submetering at the TSO level to gain experience and possibly extending this to the DSO level at a later stage.

Baseline

Since no nominations are available for TSO-submetered access points or for DSO connected load, a baseline is needed as a reference in case of activation. The purpose is to start with a simple baseline on which everyone can agree. The current baseline method proposal will be presented during the next Expert Working Group and more information will be provided during the next Task Force

meeting. It is proposed that the grid operators take up the task to perform the activation control (as for R3DP) and compare the measuring data with the baseline.

The following remarks and questions were made by stakeholders:

- *Question by Febeliec*: What if there is a nomination?
- *Question by Anode*: Can we nominate behind the submeter? For processes that are very stochastic but are easy to forecast, a nomination is preferred instead of a baseline that lacks flexibility.
- *Answer by Elia*: Where nominations exist (i.e. TSO-connected SDR provided at access point), nominations are used as a baseline. Implementing nominations for SDR with submeter or DSO connected load is very complex so the proposal is to use a baseline for these two segments. This seems to be in line with international best practices.

Model of impact on BRP for submetering

Elia emphasized the difference between activation control and the impact on the perimeter of the BRP. For the correction of the perimeter of the BRP, three options are possible:

1. No correction; in this case the client does not pay the BRP for the non-consumed energy
2. Neutralisation
    a. Neutralisation by replacing the metering data with the nomination
    b. Neutralisation based on a calculation that is based on the baseline and the metering data of the headmeter and submeter

Option 2a is rejected since the imbalance of the non-flexible part of the consumption of the SDR supplier can overshadow the activation of the flexible part of the consumption which can either undermine the responsibility of the BRP to solve the imbalance of the non-flexible part or erase the effect of activation. These effects are undesirable both for the TSO as for the BRP.

Option 2b would lead to a complex implementation, which is not the case with Option 1.

The following remarks and questions were made by stakeholders:

- *Remark by Restore*: Given the timing, Restore agrees to implement the “no correction” option for the upcoming winter. However, Restore is in favour of a more accurate transfer of energy solution in general at a later stage.
- *Remark by Anode*: A possibility would be to explicitly mention in the BRP contract that this is an intermediate solution and already specifying the long-term solution.
- *Remark by FEBEG:* On the short term, we can also agree with the “no correction” option.
- *Remark by Elia*: Explicitly mentioning in the BRP contract that this is an intermediate solution would imply that we agree on the long term vision...
- *Remark by CREG:* CREG would like to emphasize that the lack of reaction of the CREG during this meeting should not be interpreted as an agreement on what was presented and on the way it was presented. Neither should this be interpreted as a disagreement.

4. SGR Product Design

Firstly, Elia highlighted elements of the current SGR design and clarified some elements regarding (1) the remuneration scheme (in particular how Pcontracted and Pnominated ought to be defined) and (2) the activation profile and its underlying principles (e.g. limiting spillover).

Next, Elia indicated which elements are under investigation, thereby taking into account the feedback already received from stakeholders. These elements mainly relate to the timings for the different stages of activation. Elia also reminded that the design of the activation profile implies a trade-off between the operational constraints of both the SGR suppliers and Elia.

The following remarks and questions were made by stakeholders:

- *Question by ENEL:* Which technologies are foreseen to be included in SGR that would require changes to the timings?
- *Answer by Elia:* It is not a question of choosing between technologies, the purpose is rather ensuring that the product design does not cause undue limitations for units to participate in the strategic reserve and thereby limit the available, eligible volumes.
- *Question by EDF Luminus:* Why is it not possible for each SGR supplier to offer their units with its specific parameters?
- *Related question by Electrabel:* Why is harmonisation needed if underlying technologies are not homogeneous?
- *Answer by Elia:* It is important for the most manageable execution of the operational process to set ex ante limits on the timings and other relevant parameters in a homogeneous way. However, such ex-ante limits should not act as a barrier to participation.

Elia explicitly invited the stakeholders to provide as soon as possible feedback/input on these items either through their federations or directly to Elia.

4. Tender design

Firstly, Elia clarified a number of elements of the SGR bid sheet.

Next, SDR eligibility criteria were presented and discussed. Elia presented a general introduction on SDR eligibility covering the main changes compared to the previous tender for strategic reserve with the focus on the SDR certification methodology. Elia emphasized that the proposed evolutions to the SDR certification methodology are aimed at solving issues raised by stakeholders concerning the criteria used for the winter 2014-2015. Three main changes have been proposed:

- Moving towards a more accurate assessment of the fit between the historical consumption profile of an SDR supplier and the needs for strategic reserves, based on the simulated winter data used by Elia in its security of supply assessment.
- A revised definition of the availability rate of the reference power (Rref) allowing to value the flexibility of an SDR supplier more accurately.
- Adjusted minimum thresholds for the certification criteria based on a trade-off between the availability rate and the potential delivered volume.

The proposed SDR certification methodology also calls for an adjusted process since Elia will perform the calculations because the simulated winter data used by Elia for its security of supply assessment cannot be publicly made available.

The overall reaction of the stakeholders to the proposed evolutions of the SDR certification methodology during the Task Force meeting was positive since this is a substantial improvement compared to the former methodology (used for the winter 2014-2015).

The following remarks and questions were made by stakeholders:

- *Question by Restore:* Is the SL for “drop by” equal to zero?

- *Answer by Elia:* Not necessarily, it is possible to provide an unsheddable margin with the certification request in order that Elia can take this into account for the calculation of the maximum Rref.
- *Question by Restore & Actility:* How is the Q25-scenario defined? And what is the relation between the three historical winters taken into account and the simulated SR needs?
- *Answer by Elia:* For each combination (=scenario) of one of the three historical winter consumption profiles and one of the winter simulations performed by Elia, the availability rate is calculated. The average availability rate over all the resulting combinations/scenarios should be higher or equal to 80% while the Q25 (which is more pessimistic than the average) over the resulting combinations/scenarios should be higher or equal to 70%.
- *Question by Restore:* How will Elia take into account a submetered process in the Rref determination?
- *Answer by Elia:* For submetered processes the situation is more complex as Elia does not have historical metering data at its disposal. However Elia will ask the concerned candidates to provide historical data from existing submeters. If such data is not available, the candidate would have to demonstrate with other elements that the consumption behind the submeter meets the certification criteria.
- *Remark by Restore:* Elia performs "blackbox" calculations on a portfolio and at the same time an aggregator cannot make any calculations themselves to assess the contribution of a single process to the performance of the portfolio. This could jeopardize the learning curve for aggregators and makes it more difficult to 'sell' a business case to a potential contributor to the portfolio.
- *Related question by Anode:* If Elia makes the calculations and the underlying statistics are not available, could Elia shed a clearer light on these calculations and/or provide a minimum of statistics allowing aggregators to assess the commercial opportunities?
- *Answer by Elia:* The remark is noted and it will be further analysed.
- *Question by Anode:* Can an analogous Rref determination also be used for SGR to take into account their constraints?
- *Answer by Elia:* SDR and SGR are structurally different on several aspects (e.g. the constraints with respect to the SGR activation profile cannot be directly compared to the concern of determining a reference power for SDR suppliers). Such a process would render the SGR certification overly complex and has no sense, as SGR units are out of the market and are supposed to be available during all the winter period

Stakeholders are invited to provide further feedback on the SDR certification methodology as soon as possible.

5. Closing

The president of the Task Force thanks all the stakeholders for their participation and constructive remarks and explicitly request the Task Force to provide feedback on the topics that were presented today. If needed, time slots to provide feedback can be foreseen during the next Task Force meeting.

Meeting calendar

The next Task Force meetings are organized on the following dates:

Date	Time	Location
19th of December 2014	12h30 (sandwiches at 12h00) -15h30	Elia – Keizerslaan 20, Brussels

23th of January 2015	9h30 - 12h30	Elia – Keizerslaan 20, Brussels

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