



Balancing Taskforce 2014 n°1

17/02/2014

Elia ENMAN



Agenda



1. Welcome **14h00**

2. Meeting minutes dd 21-11-2013 **14h10**

3. Feedback about short term auctions R1/R2 **14h15**

4. Working priorities on AS and Balancing for 2015 **14h30**

5. Evolutions to be discussed for the 2015 tendering **15h00**

6. Questions – Remarks - Next steps - next meeting date; **15h30**

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Validation of Meeting minutes

⇒ Balancing Taskforce 21/11/2013



Minutes of meeting
Balancing Taskforce 21/11/2013

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

- 1 comment received concerning R3_DP:
- 'FEBEG points out that experiences with the pre-qualification process raised some concerns, e.g. different criteria for load shedding and generation, inconsistencies between 'conditional green' and 'volume check', ... As a consequence a thorough evaluation and review of the pre-qualification process is needed'.

⇒ Validated Minutes (incl this comment) will be published on our web-site

Wrap-up 2013:

=> Evaluation of Balancing Taskforce



As announced during the taskforce of 21 November 2013, a survey / questionnaire was launched by Elia to capture your feedback on how the Balancing Taskforce is functioning (frequency, members, scope, preparation, content, ...)

- At this moment 7 answers have been received.

Please make use of this opportunity and allow us to improve where possible => This survey will be closed Friday 21 February so that during the next balancing taskforce we can present some findings.

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1. Early 2013 an agreement emerged between Minister Wathelet's Cabinet, CREG, Producers and Elia that for 2014 a share of primary and secondary control power should be covered by short term procurement.
2. The range to be covered by short-term products was to be proposed by Elia and approved by CREG. Via the Balancing Rules such range (between 20-30% of R2 and R1-100mHz) was proposed and approved.
3. The final proportion of short term volumes depended on the yearly tendering results. Mid-September Elia received the report from the CREG regarding the reasonability of selected offers for the yearly tendering of R1-R2-R3 Production (R3DP and ICH was reported and validated later in the year). Short Term Volumes can thus be firmly confirmed for 2014 as follows:

- **2014, Short Term, R1 Symmetrical 100mHz = 27MW**
- **2014, Short Term, R2 Upward = R2 Downward = 20MW**

This represents 28% of total R1_{100mHz} and R2 volumes (within 20-30% range)

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.

Feedback about Short-Term Auctioning of Reserves

=> Highlights



	# of bids	Second round?	Selected Volume [MW]	Average Prices [€/MW/h]
January	98 bids,	Y, for selection price satisfaction	27 R1 100mHz	41,22
			20 R2 Up	12,5
			20 R2 Down	12,5
February	189 bids	Y, for selection price satisfaction	28,9 R1 100mHz (PE+LOP)	34,74
			20 R2 Up	15,57
			20 R2 Down	15,57
March	78 bids	Y, for selection price satisfaction	27 R1 100mHz	111,63
			20 R2 Up	41
			20 R2 Down	41

- Rather high number of bids (but volatile)
- For the first 3 auctions a second round was triggered because of the third criteria (criteria of selection of one bid with price >150% average price);
- Difficulties for introducing bids in the IT tool was encountered during the first 2 auctions.
 - After investigation these issues were caused by the performance of STAR to cope with such amount of bids and mainly complex “MNBCW” relationships;
 - These performance issues have been resolved for the last auction;

Feedback about Short-Term Auctioning of Reserves

=> Priority for 2014 = stabilizing this process



In March 2013 the decision to go for Short Term Sourcing was taken and the 6th of December already a new tool (STAR) went live, just in time for the first real auction the 10th of December.

The first 2 months of experience demonstrate that these short term auctions are not to be underestimated in terms of complexity and workload. Therefore in 2014 the priority for Elia will be to stabilize this process:

- These first months our IT department has given top priority to increase the performance of STAR;
- The solver (actually via manual export/import to .xlsx) will be integrated (and automated) into STAR;
- Additional supporting tools will be developed to allow our auction operators to validate the selection;
- STAR still has to be integrated with surrounding IT-tools;
- An internal consultant has been dedicated to further improve (documents, checklists, procedures, templates, reportings, ...) this process and reduce the risk of human error;
- Benchmark with similar critical operators is considered (eg Belpex, CASC)

Feedback about Short-Term Auctioning of Reserves

=> Publications : **ST Rx Auction Results – Volumes & Prices**



Tendering & Contracting Period	Delivery Period	Reserve Type	Reserve Product	Total Contracted Volume [MW]	Average Price [€/Mw/h]	Tariff Period [PEAK/L-OFFPEAK/BASE]	Symmetry Type	Generation/ Load type
December 2013	January 2014	R1	R1-100mHz	27	41,22	BASE	SYM	Generation
December 2013	January 2014	R2	R2-up	20	12,5	BASE	ASYM-UP	Generation
December 2013	January 2014	R2	R2-down	20	12,5	BASE	ASYM-DOWN	Generation
January 2014	February 2014	R1	R1-100mHz	28,9	34,74	PEAK+L-OFFPEAK+BASE	SYM	Generation
January 2014	February 2014	R2	R2-up	20	15,57	BASE	ASYM-UP	Generation
January 2014	February 2014	R2	R2-down	20	15,57	BASE	ASYM-DOWN	Generation
February 2014	March 2014	R1	R1-100mHz	27	111,63	BASE	SYM	Generation
February 2014	March 2014	R2	R2-up	20	41	BASE	ASYM-UP	Generation
February 2014	March 2014	R2	R2-down	20	41	BASE	ASYM-DOWN	Generation

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Main working axes

Facilitate Reactive Balancing

Provide accurate and transparent information in AS & balancing publications thereby enabling BRPs to maximize their self-balancing activities and supporting system imbalance as well as increasing Demand Side Response

Increase diversification

Promote participation of new entrants, Demand Side Management and RES in providing AS and balancing energy

Promote cross-border cooperation

- ENTSO-E Pilot Project with TenneT
- Joint study with German TSOs and TenneT on possible cooperation between pilot projects



ST auction process is not to be underestimated in terms of complexity and workload. Therefore, in 2014 the priority for Elia will be to **stabilize this ST process and related tools**

Bidladder

Intensive workload related to establishment of Strategic Reserves, using same resources for the developments in ancillary services and balancing, initiated a **re-arbitrage in the working priorities for 2014**

→ **Bidladder project planning under review**

Context:

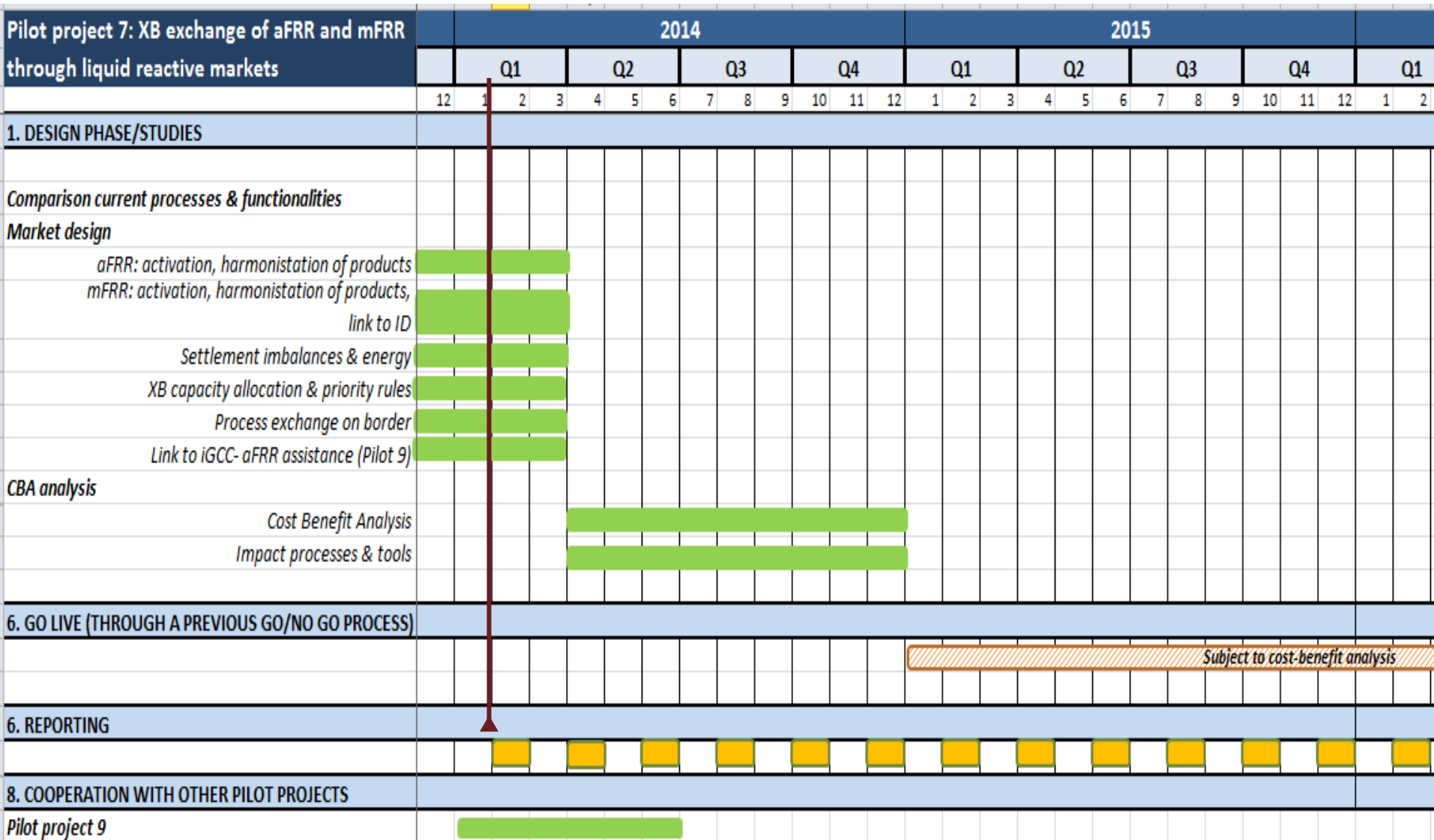
- common view on the design (with some design variants) of an integrated balancing market and the related harmonisation requirements.
- Need to fully internal understanding of implications at Elia & Tennet
- Commitment of both companies to the proposed design, subject to the CBA, and subject to a clearly specified list of prerequisites for each TSO (e.g. NRA approval of implications on €s, etc.)

Planning & deliverables in Phase 2:

- description of how the integrated balancing market would work (products, CMO, XB activation, XB settlement,...)
- description of the changes required to each country/market design
- analysis (qualitative + high-level quantitative) of the anticipated implications for market participation, quality, interference with LFC responsibilities
 - Automatic FR : incl. feasibility MO @ Elia & interaction with I-GCC (Lead Elia)
 - Manual FRR incl. activation triggers & interaction with ID markets (Lead Tennet)
 - Settlement/ pricing (Lead Elia): XB & local
 - XB capacity allocation & priority rules (Lead Tennet)

Scoping Phase 3 (cost-benefit analysis)

Pilot Project XB Balancing TenneT



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“Package 2015”

Strategic Reserves (SR)

Task Force
implementation SR

Short Term Sourcing R1 &R2

R3 Dynamic Profile 2015

Tendering & Contracting

“Package 2015”

Task Force
Balancing

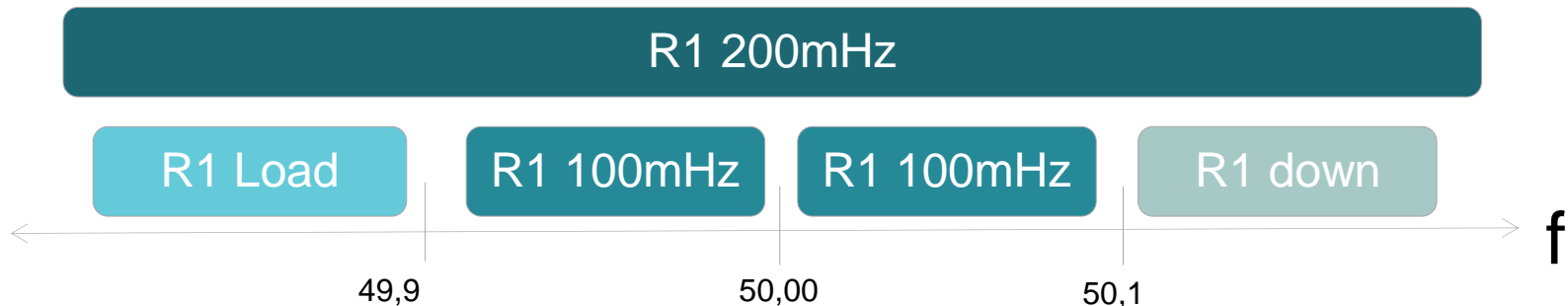
STS R1 & R2 - next steps in 2015...?

- From Dec – May : 6 monthly auctions organized for R1 100mHz & R2
- CREG will draft analysis on ST auction results of 1st semester 2014
- Without positive analysis on S1 2014 and without explicit support from CREG, ELIA cannot continue with short term sourcing for 2015.

 **June auction a priori for 100% LT but with possibility/scenario of sourcing R1 100mHz and R2 on short term basis in 2015**

- Volume split ST-LT 2015 to be included in Balancing Rules (cf 2014)

Elia proposes following split between the different reserve products:



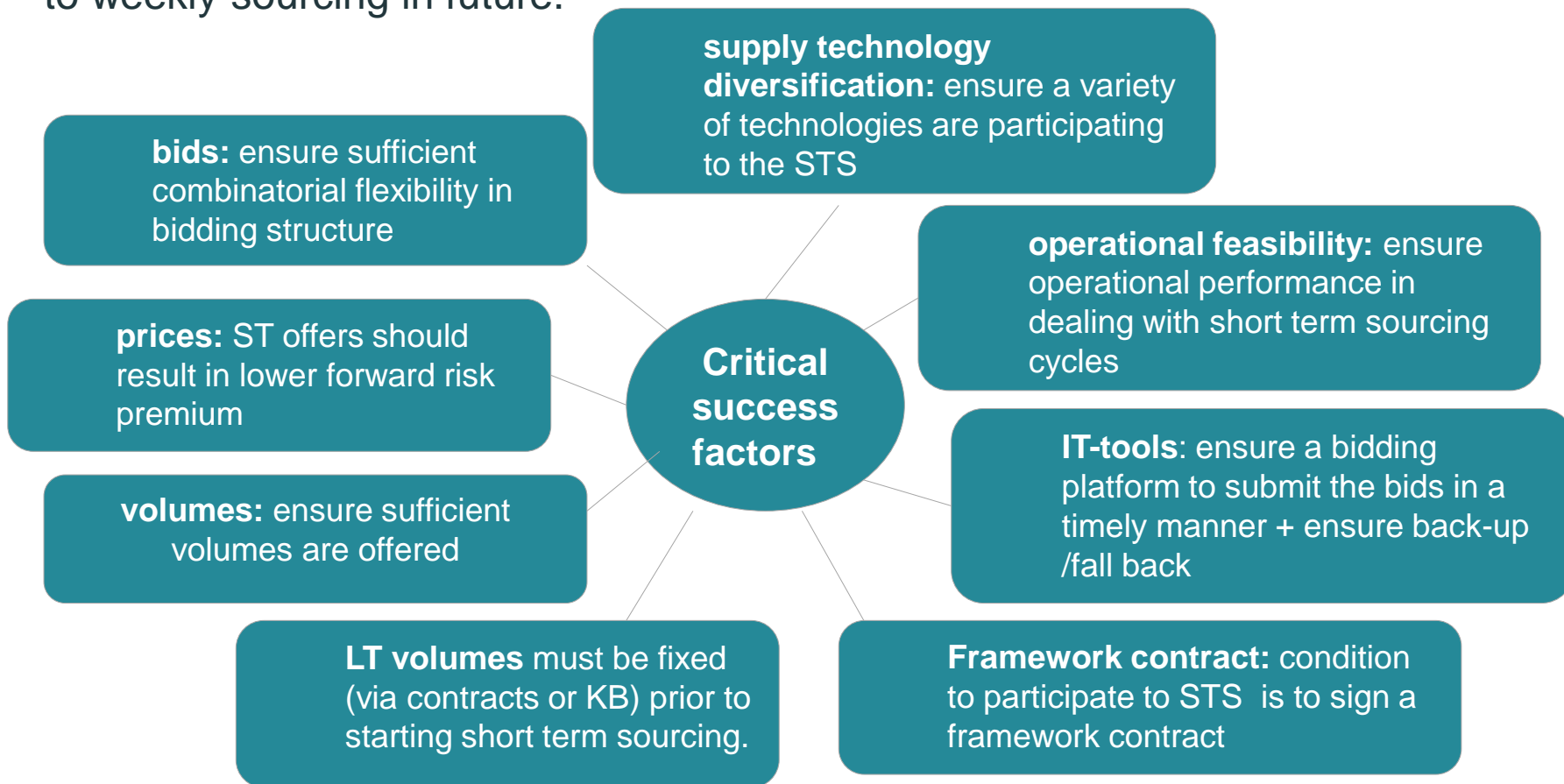
whith volume R1load = volume R1 down = volume R1 100mHz = max. 50% of total R1 volume needed
 volume R1 200mHz = max 100% of total R1 volume needed, procured within Belgium and/or cross-border

Current 2013 volumes : R1 load = R1 down = R1 100mHz = 27MW
 R1 200mHz = 28MW
 R2 ST = 20MW
 R2 LT = 120MW

within 20-30% range

STS R1 & R2 - Critical Success Factors

Objective is to create a **stable monthly sourcing process** based on **compliance with critical success factors** in order to build up confidence amongst actors, said compliance will be a precondition to evolve from monthly to weekly sourcing in future.



Prolongation of current product to 2015.

- early March: ELIA will provide a **reporting on the activations of R3DP** in Jan and Feb 2014 to CREG
→ allowing Forbeg to validate prolongation of the R3DP product for 2015.

Improvements to R3DP 2015:

- In order to provide a more transparent, interactive and closer-to-real-time communication / information on the effective impact of activation of flexibility in BRP- portfolio and to avoid counter-activation, ELIA and DSO will examine the question of the **quasi-real time information to the concerned BRP.**
- ELIA and DSOs actively looking into lessons learnt of 2014 **prequalification process** (technical compliancy check, volume check, sequential process, harmonized & transparent criteria,...)

Moving forward on a flexible prequalification process as of 2015 tendering

→ Establishment of framework contracts enabling new players to participate to the short term tendering process once the annual tendering has passed

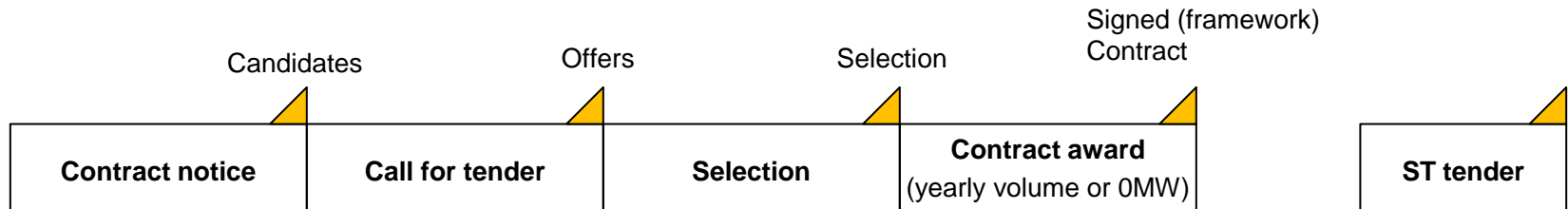
Decreasing the minimum bid size for all reserve products from 5MW to 1MW for the annual and short term contracting

→ This reduction (and harmonization) in minimum bid size will facilitate the participation of smaller players and new entrants.

Updating the bidding sheet for ICH

→ As for R3 Production for 2014, all annual offers for ICH for 2014 will be collected via an intelligent bid-sheet allowing a more bidding conditions, such as multiple bids with different parameters, volumes and/or prices. This will provide more flexibility to ICH-candidates.

- ... till 2013: Yearly process with yearly contracts,
 - Sequential deadlines with a yearly character,



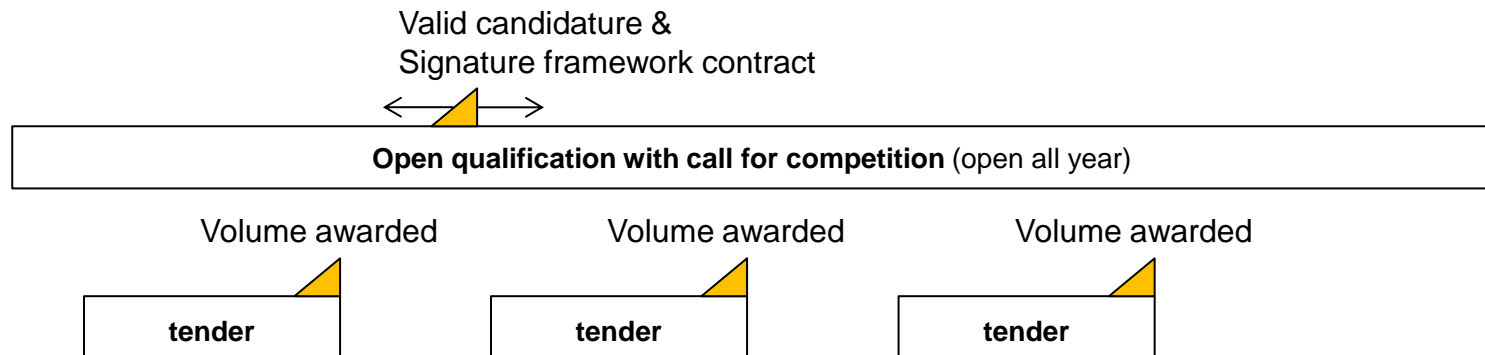
Why change the current process?

- Current tendering process is oriented towards a yearly cycle.
- Short term procurement requires increased flexibility.
- The new process aims to abandon the yearly character of the procurement process, allowing more flexibility with less administration.

Which Products are (currently) impacted:

R1 100mHz – 200mHz – Down, R2 & R3 production

- **As from 2014: Open qualification, with a framework contract**
 - All Suppliers submitting a valid candidature, can sign a framework contract at any moment
 - Elia will check yearly whether the supplier still complies with the conditions set forth in the qualification procedure
 - All Suppliers with a framework agreement can participate in the next tender. (long term or short term)
 - All suppliers with a framework agreement can participate in the secondary market
 - Contracted volumes and prices are formalized via a purchase order (or in case of yearly via signature of an annex)



As the framework agreement needs to be signed before the yearly tender for 2015, the **planning is quite challenging**:

1. Drafting Framework Agreement in February
2. Negotiation: Elia will ask the known suppliers to challenge the contract in March. When required, bilateral meetings will be organized.
3. Open Qualification procedure - launched 01/04/2014:
4. **Signature framework agreement - deadline 15/05/2014**

Indicative calendar for 2015 tendering



Feb 17 th	1st TF Balancing: planning, contracting process, presentation of and start consultation period on "Package 2015"
Mar 10 th	End of consultation period – possible amendments to "Package 2015"
Mar 21 st (tbc)	2nd TF Balancing: final Package 2015 on basis of which the Balancing Rules for 2015 will be prepared and submitted to CREG
Mar 26 th	Design Freeze
Apr 1 st	Opening European Qualification procedure R1 / R2 / R3 (continuously open)
May 1 st	Call for candidates R3DP
May 15 th	Deadline signature Framework Contract R1–R2–R3
May 16 th	Tendering for yearly R1-R2-R3 products launched for 20 working days
June 1 st	Tendering ICH & R3DP launched
June 1 st	Start prequalification process R3DP = deadline for submission of prequalification requests to DSOs and ELIA
Mid-June	Tendering deadline to submit offers to ELIA for R1-R2-R3 yearly products
July 1 st	Elia sends report to CREG and Minister on received volumes & prices. CREG – has 60 working days to assess reasonability of received offers.
July	CREG report on short term auctions R1 & R2 during S1 2014
< Sep 1 st	Communication prequalification results to BSPs
Sep 19 th	Tendering deadline to submit offers to ELIA for ICH and R3DP
Sep 22 nd	CREG report on reasonability of prices of yearly R1, R2 and R3 products
Early Oct	Communication of selection of ICH and R3DP
Dec	Start short term sourcing R1 & R2 (subject to CREG approval & comfort) ?

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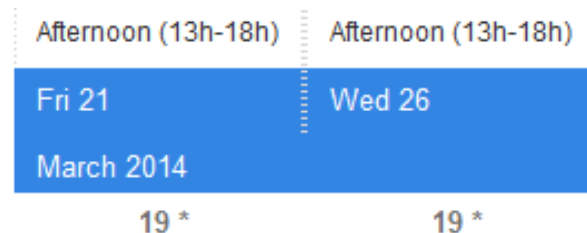
Questions and/or Remarks ?



Next steps & next meeting date

1. Written comments on today's presentations are welcome!
2. Elia will send meeting minutes (incl all slides) for validation.

3. Results of Doodle for TF2:
 - => **26/03 is proposed**



4. **Doodle for "TF3 - 2014" will be sent after the meeting**



Thanks for your attention

17/02/2014

Elia

