# TF Implementation of Strategic Reserve for Winter 2016-2017

2nd of September 2015

# Agenda

Task Force Strategic Reserves Implementation

1. Stand van zaken van de lopende zaken:
2. Resultaten Studie Pöyry
3. Resultaten van de consultatie ‘Methodologie Volumes’

# Strategic Reserves for winter 2016-17

## Feedback from Task Force of 2/9

1. **Planning and organisation of Task Forces were presented:**
    - Main change regarding timing: Functioning rules introduced earlier in order to be published prior to call for candidates
2. **Main topics foreseen to evolve for winter 2016/2017:**
    - SoS analysis methodology and transparency
    - Product design: adjustments based on lessons learned (submetering process, formulas, new units…)
    - Tender design: analyze how to simplify and deal with volume changes
3. **Stakeholders presented their experience feedback and expectations:**
    - More transparency: on volumes, on offers, on activation rules, on conditions for return to market, on closing units, on CREG methodology
    - Timing: information regarding requirements available earlier, more time to prepare offers
    - Increase possibilities for product combination
    - Reduce requirements in terms of activations (#, reaction time….)
    - Importance of submeters stressed
    - Possibility of Royal Decree imposing SDR
    - …

⇨ **Elia is currently analysis those requests in order to provide evolutions where possible and/or an adequate answer**

# MARKET RESPONSE ESTIMATION QUESTIONNAIRE

## Overall objective of the survey is to better understand how the Belgian market participants would react in extreme situations

**Challenge**

This survey intends to **better understand how the demand side in the market** would react to extreme situations in the Belgian electricity system with a **focus on a working day during winter evening peak**.

**Objective**

This approach **analyzes each source** (Grid User, BRP, Aggregator) **separately and aggregates** the results to obtain overall results **for Belgium as a whole**

- The questionnaire is designed specifically for three market participant groups
  - Grid Users: Big consumers, directly connected to the Elia grid
  - BRPs: those with physical position (suppliers + generators)
  - Aggregators: Specific demand side possibilities

- The response rate
  - Grid Users: ~75% of the volumes of Elia Grid Users
  - BRPs: ~85% of  total Belgian load
  - Aggregators: 80% of aggregators but limited volume

# CONCLUSION

**174 MW** contract-based with BRPs

**438 MW** price-based from TSO GU and gen. assets

**64 MW** price-based from DSO GU

**150 MW** voluntary reduction from DSO GU

- The presented **MWs are aggregated results** coming directly from answers received in the survey (high response rate) after cross-checks and logical corrections/ extrapolations in a limited number of cases.

- **The flexibility of those MWs is subject to a variety of limitations** that characterize demand response, such as a limited number of occurrences, limited duration, reaction time…therefore **they cannot be added as such; they cannot be considered as such as the equivalent of a SR unit**
  - For contract based volumes, the limits are fixed in the contracts
  - For price based and voluntary based the behaviour of each grid user towards price spikes may be different and vary for one unique price spike hour to several consecutive price-spikes in a winter, and depending on when the situation if known.
  - Some qualitative information on those limitations has been collected in the survey.

- **Next steps**: based on the MWs and limitations collected from the survey Elia will take that flexibility of the demand into account in the Volume Model.

# Volume calculation 2016/2017

**Request from market:** transparency on the calculation method of the volume

Key requirement to improve the **buy-in** and **good understanding** of Elia's adequacy assessments : 3 step approach

**Step 1: Consultation**

**Step 2: Communication**

**Step 3: Reporting**

During each Task Force

RESULTS CONSULTATION

# Methodology & Process

| |
|---|
| Add a technical analysis (based on € and market) |
| In case of fundamental analysis: recalculation on the moment of contracting (latest hypotheses) |
| In case of fundamental analysis: put a cap on volume of SR (limit interference with market to a strict minimum) |
| Take into account load flexibility (impact on peak demand) |
| Change the law in case necessary  (timing of the process and role of FPS) |
| Allow emergency generators to participate in SDR products |
| Increase certainty of the business opportunity -> barrier for growth of SDR |
| Reduce uncertainty on the volumes |
| Compact window allowing a longer sourcing window |
| Consultation of stakeholders on input and output |
| Take not only into account officially announced closures (estimate risk of further degrading market conditions) |
| Improve on TSO coordination (no double counting on available capacity) |
| The methodology should evolve towards a more integrated approach (generation + transmission) |

**Methodology is currently being improved; some remarks are already captured by ongoing improvements; others are open for further discussion. Points of attention: legal provisions; reponsibility Elia. We will elaborate in more detail on concrete actions during next TFs.**

RESULTS CONSULTATION

## Communication & Reporting

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|---|
| Permanent publication of details on generation plants (capacity, date of closure, …) |
| Publish evolution of demand flexibility |
| Publish more information on output (missing MW per hour, how often shortage driven by FR, …) |
| Publish information neighbouring countries (available capacity in periods of cold spell) |
| Publish contribution of interconnectors (available technical transfer capacity) |
| Publish impact N-1 criterion and loop-flow issues on new interconnection project |
| Include back-testing winter 2014/2015 |
| Provide more information on load data (history, temperature sensitivity, …) |
| Provide more information on RES (installed capacity, evolution, ...) |
| Provide more information on how reserves are taken into account (no double counting with unplanned outages) |
| Provide more information on how neighbouring countries are taken into account (import/export) |
| More communication afterwards (for example after the tendering procedure in case of gap in contracted volume) |

**Requested information is to some extent already transparent; further improvements are already ongoing and possible. Points of attention include confidentiality and transparency obligations of different actors in liberalised market . We will elaborate in more details on concrete actions during next TFs.**