

Minutes of Meeting TF “Implementation Strategic Reserves” 19 December 2014

Meeting location: Elia, Keizerslaan 20, 1000 Brussels

Meeting date: 19 December 2014, 12h30-15h30

List of participants

The following persons were present at the meeting of 19/12/2014:

Name	First name	Affiliation
Alboort	Philippe	ArcelorMittal Belgium
Bécret	Jean-Pierre	Solvay
Claes	Peter	Febeliec
Dalez	Florent	Eni
De Jonghe	Cedric	Actility
De Waele	Bart	CREG
De Wispelaere	Bram	EDF Luminus
Debrigode	Patricia	CREG
Debroux	Bernard	GDF Suez
Gheury	Jacques	CREG
Gouverneur	Bruno	Synergrid
Harlem	Steven	FEPEG
Jong	Dieter	Anode
Kreutzkamp	Paul	Next Kraftwerke Belgium
Lhomme	Raphaël	Air Liquide
Massin	Bart	GDF Suez
Mermans	Pieter-Jan	Restore
Meynckens	Geert	Ineos
Nihant	Pierre	EDF Luminus
Platbrood	Ludovic	Eni
Verrydt	Eric	BASF
Spire	Emeline	Elia (president)
Tsiokanos	Anna	Elia (speaker)
Vandenbroucke	Hans	Elia (speaker)
De Wilde	Vanessa	Elia (speaker)
Buijs	Patrik	Elia (secretary)
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
Breidenbaugh	Aaron	EnerNOC
Cervi	Raymond	Sotel Réseau & Cie
Clement	Marc	Tessengerlo Group
Curvers	Daan	COGEN Vlaanderen
De Laet	Peter	Total
De Waal	Theo	Essent
De Waele	Dirk	Agfa
Degroote	Lieven	Eandis
Deheegher	Tine	VOKA
Demaret	Frederik	EDF Luminus
Detollenaere	Alice	ODE
Dexters	Annick	Infrac
Doin	Benoit	Enel
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
Lauwers	Mark	Twinerg
Lenaerts	Stijn	Greenfever
Leroux	Amandine	Resa
Loos	Rob	APX Endex
Matevosyan	Anna	T-Power
Michiels	Gregory	EDF Luminus
Paquot	Remy	ArcelorMittal Belgium
Pierreux	Nicolas	Belpex
Ramault	Geert	Restore
Renaud	Jeff	EnerNOC
Roselli	Pasquale	Enel
Schell	Peter	Restore
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
Verbeek	Wouter	Greenfever

Verbruggen	Pierre	Actility
Verlinden	Pieter	Eni
Vermeiren	Christian	T-Power
Verwimp	Sven	Nyrstar
Vinck	Kurt	Borealis
Voet	Peter	Total
Wyverkens	Herman	E.ON Benelux
Zaman	Rolph	Febeliec

Agenda

1. Approval of draft minutes TF ISR 3/12/2014 (5 minutes)
 2. SDR product design (1 hour)
 - Short Feedback Expert Working Group
 - Model relative to impact on BRP for each segment
 - Baseline (for SDR Submetering TSO and SDR DSO, based on feedback from Expert WG)
 - Activation characteristics and requirements
 3. SGR product design (25 minutes)
 - Activation characteristics and requirements
- (break – 10 minutes)
4. Tender design (--> Procedure of Constitution) (1 hour and 20 minutes)
 - Planning
 - Eligibility SGR
 - Eligibility SDR
 - Received stakeholders feedback on SDR certification methodology and proposed approach
 - Conditions relative to SDR Submetering TSO
 - Combination of SR and AS
 - Equation for awarding

There was no comment on the agenda. The president introduced the meeting by referring to the Procedure of Constitution. The topics discussed during this meeting have as goal to serve as a guide through the draft Procedure of Constitution with the aim of assisting stakeholders in their response to the public consultation.

All agenda items were supported by a presentation prepared by Elia. These slides serve as a background for these minutes and are available on [the website of the Task Force](#). It was also indicated that this presentation contains more slides than presented during the Task Force. In the meeting several elements will be highlighted, the other slides intend to enable an overall picture.

1. Approval of draft minutes TF ISR 3/12/2014

The draft minutes of the previous meeting of this Task Force (3/12/2014) were distributed by e-mail prior to this meeting. One question related to CDS was received (see below) but did not lead to an adjustment of the minutes. Also a remark was received from CREG and an amendment to the minutes was presented in the Task Force and accepted.

Taking into account this amendment, the minutes are approved by the Task Force and will be published on the website of the Task Force.

2. SDR Product design

Firstly, a feedback from the Expert Working Group was presented. This feedback consisted of four items:

- Baselineing: a method is proposed by the Expert Working Group to the Task Force ISR
- Focus on submetering@ELIA-grid for SDR 2015-2016
- SDR 2015-2016 process @DNO
- Request for parallel certification and Network Flex Study

All four items were also further discussed during the Task Force taking into account the feedback from the Expert Working Group.

The following remarks were made by the stakeholders:

- *Question by Febeliec:* What is the link with UMIG 6.0? At which forum will this be discussed?
- *Answer by Elia:* UMIG 6.0 facilitates among others submetering in DNO grid, but as submetering also creates an impact on the 4 layers of UMIG 6.0, this should be carefully investigated before jumping to conclusions. Discussions will take place at Atrias.
- *Remark by Febeliec:* CDS are not represented at Atrias but are nevertheless impacted by submetering choices. Is there a possibility for CDS to participate?
- *Answer by Elia:* As this is discussed at Atrias, a solution to also involve CDS is to be looked for.

Secondly, the main product characteristics of the different SDR segments were presented. In particular, models the BRP's perimeter impact were discussed. It was explained that for SDR at TSO-level without submetering the same model as in 2014-2015 will be applied, i.e. neutralisation. For the two other segments (TSO submetering & DSO) no correction will be applied.

The following remarks were made by the stakeholders:

- *Question by Ineos:* Is there a possibility to have the choice between both models for TSO-connected SDR without submetering?
- *Answer by Elia:* No, there is no choice possible. For reasons of simplicity and continuity the SDR 2014-2015 model is opted for and no choice is offered.
- *Question by Elia:* Is there a need to have a choice?
- *Response by Ineos:* The way ramp up/ramp down and the link with the imbalance settlement might make it interesting to have a choice.
- *Remark by Elia:* The choice of the model should not depend on this, as this is an issue relating to the relation between the ARP and the Grid User.
- *Question by GDF Suez:* It is really a simplification as there are still four different products possible, each with two different SLAs (SDR 4/SDR 12)? Isn't there a risk that this becomes overly complex, requiring a choice anyway?
- *Answer by Elia:* It is true that for 2015-16 a large variety of SDR flavours are possible, but this is the result of a trade-off between simplicity and harmonisation on the one hand and maximising the participation of potential SDR candidates on the other hand. It might be useful to reconsider this in the future.

- *Remark by GABE/Solvay:* Initially, the neutralisation of the BRP perimeter was introduced for ICH to be transparent to the supplier. Is this also an issue here? Furthermore, with different models for different SDR segments, there is a risk that in some cases submeters would be installed to avoid a neutralisation-model. GABE suggests Elia to apply the same principle to all transmission grid clients, after selecting the best solution between with or without compensation.
- *Answer by Elia:* On the longer term, a choice on a single model would probably be needed, but for now a pragmatic approach is opted for. Moreover, what is chosen for 2015-16 works also in combination with ICH. With regard to the identified risk, the remark will be taken into account.

ERRATUM: During the Task Force Solvay/Gabe asked if the neutralisation was also applied during the ramping. Actually during the ramping down that precedes the effective delivery the neutralisation is applied (and this incentivises the provider not to start too early the activation).

Thirdly, the proposed baselining approach “High X of Y” with an “uncapped symmetric additive” adjustment is explained. This was also discussed in the Expert Working Group. The baseline will only be used for the control of activation.

The following remarks were made by the stakeholders:

- *Question by BASF:* Can in case of a CDS, the nomination within the CDS be used as baseline?
- *Answer by Elia:* No, this is not possible as there is no standard CDS configuration with respect to such nominations.
- *Question by GDF Suez:* How is the reference period of 3 hours in advance chosen?
- *Answer by Elia:* The 3 hours before the notification of strategic reserves is chosen. Using hours closer to real time would allow for gaming.
- *Question by Next Kraftwerke Belgium:* Why is 4 out of 5 chosen and not a longer period?
- *Answer by Elia:* The goal is not to go too far back into the past, in order to be more representative.
- *Question by Ineos:* Are the same days used for the “High X of Y” and for the adjustment?
- *Answer by Elia:* Yes.

Finally, the activation specifications and profile for SDR are discussed. For all segments the same specifications and profile apply. Taking into account stakeholder feedback, the reaction time¹ is prolonged to 8 hours (but requiring a justification) and the cumulative duration per month is limited to 60 hours. A new sanction is foreseen in case of 3 consecutive activations with a penalty or when 30% of the total activations requested had a penalty. The remaining activation specifications and profile remain unchanged.

The following remarks were made by the stakeholders:

- *Question/remark by Restore:* Do difference in reaction time (warm-up) affect the selection in the tender? In principle, the flexibility offered by faster reaction times should have some value for Elia. In the UK, the reaction time is taken into account.
- *Answer by Elia:* No, this is not considered in the award criteria, but a challenge is for offers with longer reaction times. Moreover, the verification time remains the same for all contracted

¹ Reaction time = warm up time + ramp down time. The reaction time is prolonged up to 8 hours instead of 6.5 hours. During the Task Force there as a mistake in the proposed slide which is now corrected.

strategic reserves. Additionally, the value is very difficult to capture, as not only time is an issue, but for instance the age of an installation could also matter. Covering all aspects in the award criteria is not possible. Finally, the foreseen activation process would not allow to fully benefit of such flexibility rendering it not interesting to be considered as award criterion today.

- *Question by EDF Luminus:* What if SDR has already reached its cap (e.g. 60h cumulative in a single month), should it then still be available?
- *Answer by Elia:* Yes, it should, but note that the penalty structure for SDR does not directly punish unavailability.
- *Question by Ineos:* A new cap on 60h of activation per month is opted for. Have other things been considered?
- *Answer by Elia:* This cap is a trade-off between removing barriers for SDR suppliers and still maintaining a maximum availability of SDR from an Elia perspective. For instance, a weekly cap could easily become very restrictive from an Elia point of view.
- *Remark by ArcelorMittal Belgium and Ineos:* The new monthly cap is an improvement, but it can still be a lot for an industrial process if looked at consecutively.
- *Answer by Elia:* Elia understand this constraint, but this is not easy to overcome as for instance cold waves also last several days on a row. Additionally, introducing more caps would impact the equivalence factor and making SDR more difficult to handle operationally. Elia invites stakeholders to react on such topics during the consultation.
- *Question by Actility:* The new cap is on a monthly basis. Is this a moving window of 30 days or are calendar months used? If calendar months are used this would not help much as it could still result in a significant burden.
- *Answer by Elia:* This question will be further investigated.
- *Question by Anode:* Is it possible to let the market offer what it has at its disposal rather than fixing standardized products ex ante?
- *Answer by Elia:* This would have large consequences on how SR are operated.

In general, Elia emphasizes that it would be very good if larger feedback is given, especially at industry or federation level. All parties are once more invited to react during the public consultation.

3. SGR Product Design

The main changes to the SGR product design are explained. It is highlighted that standard durations for the different steps remain, but exceptions can be allowed if duly explained. In principle, also no injection during warm-up is possible, unless duly justified. Also, different timings for a cold and a hot start are made possible.

The following remarks were made by the stakeholders:

- *Question/remark by Restore:* SGR is allowed to submit assets that have a ramp-up time of more than 1.5 hours, subject to Elia approval, SDR does not have this possibility. Why does the selection process in the tender / merit-order does not foresee an equivalence factor applied to SGR bids that have longer ramp-up times than Elia SGR specs, such as the equivalence factor that was foreseen for SDR in 2014-2015?
- *Answer by Elia:* We can take a look at this but it is an issue of avoiding gaming and not driving up offered prices. Additionally, the tender should not be overly complex.
- *Remark by FEBEG:* There is a clear difference between SDR and SGR, i.e. the latter are obliged to participate in the SR tender whereas the former are not.
- *Question by Anode:* If an injection during warm-up occurs, it will create spill-over which would a priori disturb the normal balancing market and prices. Will this be published and known for the market?

- *Answer by Elia:* Yes, this is already foreseen in the 2014-15 design as Elia will publish on its website the timings of the different steps of an activation allowing market parties to follow the potential evolution of an activation. Moreover, the spill-over will be countered by adjusting the price as foreseen in the Functioning Rules.
- *Question by Restore:* Can the deviations from the standard design be published after concluding the tender?
- *Answer by Elia:* This could be investigated, but it is not up to Elia to decide on which information can be published. Both CREG and the Minister are competent on this matter. Moreover, such publication should be carefully considered as transparency should be traded off with confidentiality and market functioning in a situation with only few players.
- *Question by EDF Luminus:* What is the impact of the SGR design changes to already existing SGR contracts? Especially element (4) on slide 33 regarding the ramp-up profile is new.
- *Answer by Elia:* This will be further investigated, while keeping in mind that the Functioning Rules take precedence over the SGR contract.

4. Tender Design (--> Procedure of Constitution)

Firstly, the overall planning was presented followed by the detailed planning for submitting an offer for SDR DSO. In particular the request rose during the previous Task Force on whether it is possible to conduct some steps in parallel to gain more time for aggregators to set up the cooperation with grid users. A new proposal is now presented to the Task Force, leaving three weeks more time. Furthermore it was highlighted that the notion of 'delivery point' is important. Also it was explained that SDR can only consist of decreased consumption of electricity, not increased production of electricity.

The following remarks were made by the stakeholders:

- *Question/remark by Restore:* Why is an electricity grid plan needed?
- *Answer by Elia:* This will be used to verify that a load decrease will not induce an increase elsewhere. It is important to check the link between the delivery point and the headmeter.
- *Question by Actility:* Is the electricity grid plan also needed for headmetered points (i.e. no submetering involved)?
- *Linked remark by Synergrid:* Also for headmetered points this would be needed in order to check if there is no other linked connection existing.
- *Linked question by Anode:* What if there is both a TSO and DSO connection present?
- *Answer by Elia:* This will be confirmed at a later stage after analysis of above remarks.
- *Remark by Restore:* An aggregator is incentivized to contract all connection points of an industrial site, otherwise there might be perverse effects for the aggregator if the industrial site would switch from one connection point to another, for instance, for maintenance reasons.
- *Question by Anode:* Why is 'distributed generation' excluded?
- *Linked question by Ineos:* What about emergency generators, can they participate in SDR?
- *Answer by Elia:* According to Elia's reading of the law any production should be out-of-market when participating in strategic reserves. Distributed generation and emergency generators should be also out of the market in order to participate to SR, that's why they are excluded for participation through SDR.
- *Question by Actility:* Is it checked whether today in SDR emergency generators participate?
- *Answer by Elia:* This should be verified.
- *Question by Actility:* Should we really want to exclude such generation?
- *Answer by CREG:* Maybe this is not desirable, but even so, then the law should first be changed.
- *Answer by Elia:* This is a legislative interpretation which goes beyond the scope of this Task Force.

- *Remark by GDF Suez:* The flexibility offered by from SDR excluded distributed generation and emergency generation could always be offered to the ARP.

Secondly, SDR certification was discussed. It was highlighted that among the two optimizations that were presented during the Task Force of the 3rd of December, only one optimization is retained, i.e. “take into account the “useful consumption” even when Rref is not consumed”.

The following remarks were made by the stakeholders:

- *Question/remark by Ineos:* How are the critical hours defined?
- *Answer by Elia:* They are defined like in the SDR 2014-15 design.
- *Question by Anode:* Will the other optimization method further explored?
- *Answer by Elia:* Yes. Note also that the chosen one is (luckily) also the main drive for improvement.
- *Question by Restore:* The approach proposed today is de-facto using the most stringent scenario out of the 500 scenarios proposed dd 03/12/2014, and therefore assumes a daily dispatch event during any spike in peak, and even in off-peak. Therefore, we do not understand the logic of modifying the required availability rates percentages (from 80% to 85% and from 70% to 75%). It would make sense to keep 80% and 70% as proposed on 03/12/2014. Is it still needed to be so restrictive as it the optimization method probably already considers a severe scenario?
- *Answer by Elia:* This will be further investigated.

Thirdly, the conditions for submetering are discussed. This included the transfer of data, protocols and the proof for submeter compliancy.

The following remarks were made by the stakeholders:

- *Question/remark by Restore:* Is the proof of compliancy needed for each individual factory prior to the tender? If this is the case, this is impossible as it would require to invest in the hardware prior to knowing whether an offer is accepted in the auction.
- *Linked remark by Anode and Actility* in support of the above question/remark from Restore.
- *Answer by Elia:* For Elia it is important to have firm offers in the auction as Elia is obliged by the minister to contract a specific volume.
- *Remark by Actility:* A possible fallback could be to use the headmeter instead of the submeter if it would not be ready or not be compliant. For Elia this should be sufficient, while the aggregator has the incentive to pursue the installation of the submeter.
- *Remark by Anode:* The delivery of compliant submeters by the aggregator should be covered by the contract between Elia and the aggregator. Not meeting this requirement would render the aggregator in breach of its contract with Elia. Additionally, organizing monthly auctions could reduce the risk.
- *Remark by Restore:* For SGR it is possible to refurbish after the tender, while for SDR this would not be possible.
- *Remark by Next Kraftwerke Belgium:* It is understood that SDR is a different kind of product.
- *Answer by Elia:* The evolution towards submetering is a long-term process, with the aim of a stable environment covering different products. Submetering is also relevant with respect to how the BRP's perimeter impact is dealt with, if “no correction” would be no longer applied the accuracy of the meter become also relevant for other parties than Elia. Elia will take the remarks into consideration and invites the concerned parties for a bilateral meeting to better understand their constraints.
- *Question by Air Liquide:* What if the accuracy of an existing submeter does not meet the proposed specifications? Why should the meter be so precise while the baseline suffers from

higher uncertainty? With respect to a long term vision spanning multiple products, it might be useful to consider an exception for volumes that could only participate in SDR.

- *Related question by Restore:* Why does Elia not rely on DSO standards?
- *Answer by Elia:* This will be further investigated, amongst others by means of a survey that will be launched soon.
- *Remark by EDF Luminus:* The issue of accuracy is also governed by the relevant grid codes.
- *Answer by Elia:* This is true, but in principle grid codes do not prevent Elia from be more demanding.
- *Remark by GDF Suez:* Things should be seen in perspective. For a generation unit much more refurbishments might be needed when winter is coming and it should participate in SGR.
- *Answer by Elia:* Elia does not judge upon the necessity of investments.
- *Question by ArcelorMittal Belgium:* If part of an industrial installation is submetered, should the other part than also be submetered if it wants to participate in a product as de facto the difference between the headmeter and the already existing submeter could be use?
- *Answer by Elia:* This should be further investigated.
- *Remark by Actility:* There might be an accuracy issue with the combined accuracy of multiple meters.

Fourthly, the combination of SR with other products is discussed. For SGR no combination with ancillary services is possible. The only exception is black-start under specific conditions. For SDR distinction is made between SDR delivered at the head meter/ access point and SDR delivered at a submetered point.

The following remarks were made by the stakeholders:

- *Question by Anode:* Can Elia rely on out-of-market plants for black-start?
- *Remark by GDF Suez:* Being out-of-market does not necessarily imply mothballing.
- *Answer by Elia:* Yes, this is deemed possible. Out-of-market plants could still be able to deliver black-start. Note, however, that SGR units will only be able to be contracted for black-start if no other reasonable solutions exist. Also, the possibility for delivering blackstart does not affect the SR selection process in the SR tender.
- *Question by Ineos:* Is there a risk for double payment of SR and blackstart?
- *Answer by Elia:* This will be monitored by the regulator.
- *Question by Ineos:* Why is at TSO level a combination of one drop to and one drop by product not possible?
- *Answer by Elia:* The sequence of activation might cause problems in the settlement and the control of activation. With submetering this would be possible.

Finally, the tender award criteria are explained. A total cost formula is proposed.

The following remarks were made by the stakeholders:

- *Question by EDF Luminus:* Will all parameters be known and published ex ante?
- *Answer by Elia:* Yes, they will be published ex ante.
- *Question by Actility:* How is the merit order impacted by the equivalence factor for SDR?
- *Answer by Elia:* *The principle will be the same as for the last tendering; nevertheless* this will be discussed during the next Task Force. Actility is welcomed, as all other stakeholders, to contact Elia in case of specific points/questions about this equivalence factor.
- *Question by Anode:* How will the SR volume be proposed?
- *Answer by Elia:* This process is governed by the relevant legislation and involved Elia, the energy administration and the Minister.

5. Closing

The president of the Task Force thanks all the stakeholders for their participation and constructive remarks and explicitly requests the Task Force to provide feedback during the public consultation on the Procedure for Constitution on the document “Procedure for Constitution of Strategic Réserves during winter 2015-2016” itself as well as on the design points proposed and presented during this Task Force.

Synergrid informs the Task Force that Synergrid will also run a public consultation soon on the C08/1 document and the contracts with the DSO.

Meeting calendar

The next Task Force meeting is organized on the following date:

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

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