Minutes of meeting
Balancing Taskforce 12/10/2015

List of participants:

Company/association	Name	Present	Excused
FOD Economie	Senne Gabriels	X	
EDORA	Noémie Laumont	X	X
Belgian Offshore Platform	Lut Vande Velde		X
Belgian Offshore Platform	Antoons Eric		X
VBO-FEB	Olivier Van der Maren		X
Febeliec	Peter Claes		X
FEBEG	Steven Harlem	X	X
Progress Energy	Wouter Verbeeck		X
Febeliec	Michaël Van Bossuyt	x	
EFET	Bernard Debroux	X	
FEBEG (eni)	Ludovic Platbrood		X
FEBEG (eni)	Pieter Verlinden	X	
FEBEG (eni)	Florent Dalez		X
FEBEG (E.ON)	Jimmy Tjoa		X
Scholt Energy Control	Joël Nolten	X	
Scholt Energy Control	Walter van Alst	X	
Scholt Energy Control	Sander Gelsing	X	
PowerPulse	Taverniers Hans	X	
FEBEG (Electrabel)	Bart Massin	X	
FEBEG (Electrabel)	Seth Spoelders		X
FEBEG (Electrabel)	Mathilde Catrycke		X
FEBEG (EDF Luminus)	Frédérik Demaret		X
FEBEG (EDF Luminus)	Grégory Michiels		X
FEBEG (EDF Luminus)	Bram De Wispelaere	X	
E.ON Benelux	Herman Wyverkens		X
E.ON Global Commodities	Emmanuelle Joubert		X
RWE	Nic Niedermowwe		X
RWE	Alice Barrs	X	
INEOS	Geert Meynckens		X
Nyrstar	Sven Verwimp		X
Infrabel	Walter Aertsens		X
BASF Antwerpen	Eric Verrydt	X	
Air Liquide	Raphaël Lhomme		X
ArcelorMittal Energy	Luis de Miguel		X
WOM	Ron Schuermans		X
Axpo Benelux	Dirk Verbruggen		X
BECI	Ward Gommeren		X
ODE	Alice Detollenaere	X	
CREG	Jacques Gheury	X	
CREG	Brice Libert	X	

CREG	Gilles Wilmart		X
Anode	Dieter Jong		X
Lampiris	Bruno Vanderschueren		X
Lampiris	Pierre Lebas		X
Next KraftWercke	Paul Kreutzkamp	X	
Next KraftWercke	Jan De Decker		X
Inter-Régies	Marc Malbrancke		X
Entelios	Stefan Smets		X
REstore	Pieter-Jan Mermans		X
REstore	Peter Schell	X	
REstore	Geert Ramault		X
Powerhouse	Jasper van den Berg		X
Powerhouse	Marc Albers	X	
Energypool	Arbeille Jacques		X
Actility	Cedric De Jonghe		X
Actility	Arnout Aertgeerts	X	
Wom	Herman Marien	X	
Belpex	Rob Loos		X
Synergrid	Bruno Gouverneur		X
Ores	Didier Halkin		X
Ores	David Vangulick		X
Sibelga	Daphne Benzennou		X
Eandis	Luc Decoster		X
Eandis	Lieven Degroote		X
Tecteo	Amandine Leroux	X	
ORSE	Jean-Claude Adams		X
Elia	Emeline Spire (ESP)	X	
Elia	Hans Vandenbroucke (HVDB)	X	
Elia	Jan Voet (JVO)	X	
Elia	Sophie Van Caloen (SVC)	X	
Elia	Carl-Stephan Thüngen	X	
Elia	Matthias Masschelin	X	

Minutes of meeting :

All agenda items were supported by presentations prepared by Elia . These slides serve as background for these minutes and can be found infra and on the ELIA website under
http://www.elia.be/en/users-group/ad-hoc-taskforce-balancing/Agenda-ad-hoc-werkgroep-balancing#12

1. Agenda for the balancing taskforce of 12/10/2015

1. R1 Cross-Border with Germany
2. Bidding Obligations R1 & R2
3. R2- wind: conclusions of project
4. Publications 2016
5. R3 STS 2016: status update
6. ICH new design 2017
7. Amendment of Billable Margin calculation

2. R1 Cross-Border with Germany

HVDB provides a first feedback on the project R1 XB with Germany. This project aims at the partial merge of the FCR tendering via the German platform (www.regelleistung.net). On that platform, also Switzerland, the Netherlands and Austria are sourcing on a weekly basis their FCR. TenneT is sourcing a fixed volume of 67MW in 2015. Only the standard product R1-200mHz is offered via the German platform. It is a highly liquid & competitive market with stable low FCR-prices.

The proposed design to access this platform is via the organization of a weekly local Belgian FCR-tender first (as-is via STAR auction platform with aFRR & local FCR not std products). In this auction, a divisible volume bid of 58MW is introduced, using a price forecast that is based on an ex-ante approved, intelligent & transparent price-formula – which remains to be determined. As such, the volumein the STAR auction is price reflective of the German market. Opposite to the Tennet fixed volume of 67MW, ELIA will hence optimize its demand on the German platform and submit a variable demand on a weekly basis, resulting from the preceding STAR auction in Belgium. Moreover, Belgian providers can bid into the German platform offering the standard R1 200MHz product. As such, reciprocal access is facilitated.

This proposed solution allows for a quick win in terms of design & implementation as the FCR-obligation will be exchanged in a TSO/TSO-model, with rules & contracts remaining between a BSP and its local connecting TSO. The FCR-standard product will be offered via BSP/TSO-model. Consequently, local tendering processes remain as-is. Initially FCR & aFRR remain procured in a combined STAR auction in the Belgian tender.
HVDB concludes by listing some key issues in the project implementation:

- the move from monthly to weekly procurement
- the potential presence of a weekly liquidity risk in the week ahead market
- the timing of the Belgian weekly auction platform: Gate Closure Time (GCT) for the German weekly auction is Tuesday W-1 at 15h. Therefore, the Belgian GCT is set at Friday W-2 12h, as this is the GOT of the German auction and at that time the Belgian demand must be known.
- the facilitation of weekly variable FCR-demand in PRL-DACHNL common auction is subject to the acceptability of variable volumes by all TSO's & NRA's
- the governance framework between participating TSOs
- the setup of Fallback & emergency scenarios

ELIA is currently investigating feasibility of proposed solution, in close cooperation with German TSO and concerned NRAs. ELIA will provide a status update during next TF Balancing. Meanwhile, ELIA is asking feedback to Belgian providers with respect to

1. Pro's & con's for both weekly STAR as well as the XB procurement
2. Listing of pricing & organisational impacts
   - Concrete (quantitative) impact by move to weekly on Belgian FCR & aFRR-prices
   - GCT-requirement for weekly Belgian STAR auction (Thursday or (at the latest) Friday in W-2)
3. Estimation of required implementation time

This feedback can be sent to **pieterjan.marsboom@elia.be** prior to 28/10/2015.

B. Debroux is asking if providers can transfer their obligation for volumes sold on teh German platform. HVDB replies that this will be investigated.

➔ NOTE: we can confirm the obligations on the German platform can be transferred in Belgium using SMART (secondary market platform).

P. Schell proposed to add the access conditions for DR-providers to the German platform as another key issue to the list. E.g. no perimeter correction is applied in Germany nor the Netherlands, as opposed to Belgium for symmetric FCR delivery. P. Schell also asks about the German prequalification process. HVDB replies that a provider must be prequalified in Belgium in order to partake to the German platform. The German prequalification process is described on the websites of the German auction platform (www.regelleistung.net). This process will be used when a physical assets wants to provide R1 located in Germany. But, when a unit is physically located in Belgium, the Belgian prequalification rules will apply.

A. Carr request if the 58MW volume bid in the STAR auction is fixed. HVDB replies that this volume is equal to 70% of the FCR obligation, which is set on a yearly basis. Hence, the volume bid in teh Belgian tender is set annually.

J. Nolten asks if there is any change in the cooperation with France. ESP replies that a priori this cross-border cooperation remains intact.

P. Kreutzkamp and A. Carr request if there is a document describing the proposed design. ELIA provide more context to the questions raised by ELIA for feedback by 28/10.

3. Bidding Obligations R1 & R2

MMA gives an overview of the 4 obligations that need to be respected while bidding for R1 and R2. The current bidding instructions will be updated and apply as from November for December auction. The bidding obligations will be included in an updated GFA for R1, R2 and R1 load that will be consulted in November and December. The signature of the GFA is due by end of January and the bidding obligations will apply as from April auction for the May month.

B. Massin is calling for less overregulation in the bidding obligations as this can work counterproductive and could lead to less liquidity.

MMA replies that the aim of these bidding obligations is to create a level playing field and if everyone would comply with these logical bidding obligations, then these would become redundant. The final objective is to create market confidence.

ESP reinforces the crucial aspect of market confidence and ELIA want to adress this ex ante, by introducing bidding obligations, especially in a short term sourcing cycle.

A. Carr support this drive to create market confidence and calls for more transparency (e.g. number of bids). MMA replies that ELAI is today compliant with the Transparency Guidelines and is open to publish more if this is ok with all market parties.

4. R2 down on wind: conclusion of the project

JVO presented first the results of the pilot projct with ENECO, Windvision and Enercon. The scope of this project was to check the technical capability of wind farms to provide downward aFRR. To that extent, a two month period test was performed where the wind farm of Estinnes technically contributed to the delivery downward secondary control (aFRR-) to Elia.

In order to resolve the problem of baselining (what would have been the production of the wind farm in uncurtailed condition) a real-time calculation on 4-5 seconds basis was performed to determine the Available Active Power (AAP).

The results of the pilot project confirm that wind farms can be highly flexible (low minimum power, high ramp rates) and can follow an aFRR set-point sent out by the TSO. The quality of the calculation of the AAP is promising. Given the amount of research being performed on this topic, it can be concluded that the AAP-method for delivery of secondary control power on wind farms is very promising towards the future. Improvements are expected regarding the modelling of the wind farm, incorporation of the wind farm effect (wake effects) on the estimation of the AAP,...

In addition a high level market analysis was performed. The pilot project shows that higher procurement cycle (daily) and lower product resolution would facilitate participation of wind in downward aFRR capacity market. The combination of the current energy based support scheme and the pro-rata activation mechanism of aFRR (with a need for a cap and floor on the energy bid prices) acts as barrier for participation of wind farms for the delivery of downward aFRR capacity as the loss of green certificates cannot be priced in in the downward aFRR energy price (floor of 0 €/MWh). A possible solution would be to apply a merit order activation of aFRR without (or with more flexible) cap and floor on energy prices. However, the impact of negative prices in aFRR (on imbalance price) due to the inclusion of lost GSC to be further investigated.

In terms of next steps the above market changes need to be investigated in more detail (daily procurement, merit order activation,...). In a later stage a wider consultation needs to take place to define detailed technical preconditions for wind farms to participate in aFRR.

N. Laurent asks if there is no bonus for wind producers if they can offer this service.
JVO replies that the the aFRR product is a high quality product and that this is reflected in the (current) remuneration.

B. Massin asks if there is a new project or continuation foreseen to this project.
JVO replies that the objective is to analyse further the results and then to setup a wider consultation with the market.

JVO confirms that the report will be published on the ELIA website by end of next week (<23/10). Stakeholders are invited to comment the report and provide their remarks to ELIA: Kristien.ClementNyns@elia.be.

5. ICH new design 2017

SVC start with providing the main conclusions of the workshops held in June with the industrial customers (ICH providers) and with aggregators. Aside a desire to kep the current product characteristics, following requests are made:

- Introduction of a free activation price
- Transition to shorter term sourcing (monthly, even daily) whereas some ICH providers adhere to the yearly sourcing
- Introducing submetering and apply the ICH-product also at DSO-level combined with the introduction of a product with less number of activations
- Relaxing the 3minute ramping period obligation

SVC presents the contours of the proposed changes to the ICH product as well as the changed availability requirements in order to enable monthly sourcing. As from 2017, assuming yearly and monthly tendering will take place, ELIA would apply the pool principle (identical to R3 DP product):

- The access points are considered as part of one pool
- The volume can vary each month depending on the monthly tendering results.
- The volume to be available and activated is considered as one total volume = yearly volume + monthly volume

Moreover, there would be no remuneration anymore for the surplus in availability and the unavailability per occurrence is limited to 8hrs per month (corresponding to 96hrs per year).

An additional change would be to enable pooling effect (alignment with R3 DP): in ICH 2017 there would be no longer a shedding limit for the pool but a shedding limit applied per delivery point with an aggregation of the resulting Rref per delivery point.

A free activation price is proposed using a standing order.

Finally, ELIA would keep the 3 minute ramping minute period as this ensures a good quality for the system, especially when outages of nuclear units occurs.

B. Massin asks how these proposed amendments will be consulted with the market parties.
SVC replies that this shall be done via the submission of the Balancing Rules but ELIA will send also a recapitulative mail shortly after the TF Balancing asking stakeholders for their feedback on proposed amendments prior to end of October.

P.Schell asks if ELIA has considered the development of a R3DP light product that would depart from the current R3DP design and limits the number of activations, total duration and potentially other elements to attract additional volume that does not fit with the current R3DP requirements and to lower the total price of R3 while being in line with the needs of ELIA. B. Massin supports this request.
SVC replies that ELIA is not considering to increase the number of products at this stage.

6. Publications 2016

SVC explains the upcoming additional publications, foreseen in January 2016.
Firstly, the total offered volume per R3-reserve product will be published. Thus is the sum of the maximal offered volume (base) of all suppliers.

Secondly, frequency data will be downloadable on the website to help providers with the calculation of the frequency response to deliver. These data will be provided on a 10-second basis and will be uploaded on a monthly basis (no real time publication foreseen).

Thirdly, the publication of SI and NRV data in real-time on minute-basis (within the quarter-hour) is foreseen.

7. R3 STS 2016: status update

SVC explains shortly status on the Short Term Sourcing project for R3 and R3DP in 2016 (monthly sourcing of 70MW). Training sessions are foreseen on Nov 25th and 26th to introduce the new STAR auction platform for R3 towards potential providers/bidders.

SVC states that next year evolutions (transition to 100% monthly sourcing) will depend on experience feedback of monthly auctions in 2016 and will be discussed in next sessions of the TF Balancing in 2016. First monthly auction for January 2016 is scheduled on Dec 10th, 2015 and new version of the auction rules, bidding instruction and manual will soon be published on the ELIA website.

B. Debroux asks for the future expectations on shorter term sourcing.
ESp replies that the transition to monthly sourcing will occur but ELIA will first analyse the results of the current monthly R3 auctions before defining the evolution of STS in 2017. However, the upcoming obligation in the draft Network Code LFCR states that ELIA will need to source downward R3 as well, which will require a transition to shorter term sourcing, as is applied already in Germany for their R3 (Minutenreserve).

B. Debroux replies that when transiting to shorter term sourcing, it is important that the secondary market is following at a same pace, allowing for intraday transfer of obligations, incl. obligations resulting from cross-border participation to reserve auctions.

SVC reminds that ordering of the submetering option for R3DP at ELIA-grid must be received by ELIA on November 5th at the latest. If not, ELIA will not be able to guarantee a delivery and commissioning of the equipment(s) before 1st January 2016 in case of ordering after 5 November 2015.

SVC concludes with clarifying the contractual provisions in case of R3DP activation. If ELIA extends an activation within the 2 hours limit or changes the activated volume within an activation, this will be considered as one single activation (and yearly and monthly teller will decrease accordingly).

A.Aertgeerts asks if this is already applicable on R3DP 2015.
SVC confirms that this clarification is applicable to R3DP 2015 activations.

8. Billable Margin

HVDB explains the rationale for the proposed amendment to the calculation of the Billable Margin. In order to mitigate this of artificial price spikes, ELIA proposes, for manually activated bids with adjustment tail only, to no longer consider the price of the activated energy of the quarter hour(s) during which the adjustment tail occurs but to consider the bidprice of the activated energy of the quarter hour preceding the adjustment tail.
ELIA launched a consultation from 14/9 to 28/9 and received two counterproposals:

1. To use minimum of bidprices of current and previous qh
2. Not to take the bidprice of tail into account so that the price of the tail as such is simply not any longer taken into account for the calculation of the imbalance price and the volume of the tail continues to be taken into account for the calculation of the NRV.

From the discussions with the stakeholders, it becomes clear that there is a preference for the 2nd proposal that is not taking into account the bidprice in the imbalance price calculation. J. Gheury asks if this proposal also implies that there is no financial settlement between ELIA and the provider for the energy delivered during this quarter hour with adjustment tail.
HVDB confirms this is indeed the case.

J. Gheury asks if the perimeter of the concerned BRP is still corrected for the delivered energy (= requested energy adjusted with ramping down rate).
HVDB replies that indeed, the delivered energy is corrected in the BRP-perimeter and is taken into account into NRV.

During the discussion with market participants, it becomes clear that the rationale for this correction in the BRP-perimeter and the inclusion of the delivered energy in the NRV needs further investigation.

ESP concludes the meeting and invites stakeholders to comment the draft MoM and reply to the questionnaire for R1 XB with Germany.

Next TF Balancing is scheduled beginning February, 2016 (to be confirmed)