

Expert Working Group of Oct 14th, 2014 – DRAFT Minutes of Meeting

Present:

Jacques Gheury	CREG
Patricia Debrigode	CREG
Bart De Waele	CREG
Gilles Wilmart	CREG
Thierry Van Craenenbroeck	VREG
Patrick Reyniers	Eandis
Lieven Degroote	Eandis
Frederik Demaret	EDF Luminus
Steven Harlem (SHA)	FEBEG
Bart Massin	Electrabel
Seth Spoelders	Electrabel
Peter Schell (PSC)	Restore
Jacques Arbeille	Energy Pool
Florent Dalez	ENI
Bruno Gouverneur (BGO)	Synergrid
Peter Claes (PCL)	FEBELIEC
Annick Dexters	Infrax
Luc Verheggen	Infrax
Didier Halkin	ORES
Amandine Leroux	Resa
Daphne Benzennou	Sibelga
Pierre Verbruggen	Actility
Peter Holzaepfel (via dial in)	Enernoc
Brendan Endicott(via dial in)	Enernoc
Vanessa De Wilde	ELIA
Anna Tsiokanos (ATS)	ELIA
Hans Vandenbroucke (HVDB)	ELIA

Agenda

- **Context** (14:00-14:15)
 - ✓ R3DP 2016
 - ✓ SDR Winter 2015-2016
 - ✓ Short Term Sourcing R3DP
- **Roundtable** (14:15-15:45)
 - ✓ Input Febeg
 - ✓ Input Aggregators
 - ✓ Input Febeliec
 - ✓ Input DSOs
- **Break** (15:45-16:00)
- **Planning SDR for 2015-16** (16:00-16:30)
- **Conclusion** (16:30-17:00)

1. Context

HVDB and ATS started with explaining the context of the Expert Working discussions. Aim is to focus on consulting the stakeholders on the

- continuation and implementation of R3DP 2016 (and beyond if possible)
- following items/questions in the context of SDR 2015-2016:
 - Prequalification process?
 - Contract DSO-SDR provider?
 - What reference curve (baseline)?
 - What about so called “supplier back payment scheme”?
 - Notification to BRP?
 - Modalities of contract ELIA – SDR provider related to DSO grid
- the transition to short term sourcing of R3DP (and R3Prod and ICH) as of 2016

The objective of the 3 Expert WG meetings scheduled is to deliver a solution to the items above and to report these to the Task Force Strategic Reserves and the Task Force Balancing.

2. Roundtable presentation by FEBEG, Aggregators, FEBELIEC and SYNERGRID

2.1 FEBEG (Steven Harlem)

SHA started advocating for an enduring solution on R3 products thereby pleading for a price based activation, hence not distorting the merit order mechanism. SHA stresses the importance of the supply contract and therefore puts forward the so-called Bilateral Model in short term (as immediately applicable) and a long term model via the end customer (whereby end user compensates the transfer of energy at supply price to his supplier). However, as this will require adjustment in metering, SHA suggests this model subject to a cost-benefit analysis.

In absence of such an enduring solution for the transfer of energy, SHA calls for stability in the current product design for R3DP without further increase of the existing 100MW cap. Moreover, SHA calls for transparent and non-discriminatory rules for partial activation of R3DP. According to SHA, the end user should be owner of prequalification and any limitation (included in Grid Code) must be embedded in the connection contract between end user and DGO. SHA advocates that any end user must be responsible for informing any FSP on these possible constraints and must be able to switch easily from FSP. SHA urges to streamline the current prequalification process with shorter lead times applicable to the whole process. Finally SHA calls for the introduction of submetering as to enable a swifter deployment of available flexibility. Submetering, according to SHA, will allow as well for more specific reference curves by sub-process. SHA states that submetering should remain a non-regulated commercial activity.

With respect to SDR 2015-2106, SHA calls for a simple solution allowing a swift implementation, with a preference for R3DP-like solution, based on a deltaP-product with no correction of perimeter. SHA states that ELIA must be aware of the collateral impact of too many DSM products on underlying supply contracts. Further on SHA repeats his request for streamline the prequalification process and allowance for submetering activity. With respect to the certification, SHA calls for an intelligent methodology, verifying as well price elasticity, and allowing for a correct “out-of-the-market-verification”. This to ensure a level playing field between SGR and SDR. Finally, SHA requests more transparency on the prices of SDR for the period 2014-2015.

With respect to Short Term Sourcing (STS) of R3DP (and in extenso R3), SHA as a federation has no common position. However, the members have different opinions.

2.2 Aggregators (Peter Schell)

PSC started with stating that it makes sense to differentiate between capacity and energy based products. Transfer of energy is less an issue with capacity based products compared to energy based products. Therefore a simple solution for capacity based, such as R3DP and SDR, is acceptable.

With respect to R3DP, PSC proposes to keep the current product design with no correction of perimeter. An increase of capacity is desirable. More importantly, the current prequalification process must be streamlined, reducing the current, too long, lead times. PSC pleads to apply prequalification only in congestion sensitive zones, with no discrimination between volume based versus price based flex. Finally PSC calls for regulatory framework to address/clarify the legal status of the prequalification process results and (to include any limitations via) the connection contract. Submetering must be allowed to deploy more flexibility to avoid the so-called “wipe out” effect.

With respect to SDR from DGO-grid, PSC calls for a deltaP-product with a new baseline to be defined. PSC claims that a product using a fixed shedding limit is not a solution for users of the distribution grid. PSC repeats their request for streamlining also the prequalification process. Finally PSC calls for submetering, allowing new reference curve, and also applicable to TSO access points. PSC suggests providing insight in their analyses and propositions , especially regarding to the baseline, during next Expert WG meeting.

With respect to STS R3DP, PSC states this is not a priority, but it is indeed the enduring way forward. Aggregators do not oppose but other projects, such as Bidladder are ranked higher. The Bidladder project, using one product definition, could serve as a possible test case for the model using a symmetric, fair wholesale transfer price. According to PSC, the Bidladder project should start once R3DP and SDR product design are frozen.

2.3 FEBELIEC (Peter Claes)

PCL repeated that all load flexibility should have the possibility to find its way to the markets, against fair remuneration. PCL stressed that load flexibility is best reflected in the demand curve (DA and ID markets), and that any residual energy or capacity can be offered through the balancing market or SDR subject to an appropriate product/market design.

PCL made an interesting survey amongst 15 of its members (about 5 of them actually deliver contracted flexibility, according to PCL as a reply on a question from Bart Massin). This survey revealed the issues encountered by industrial customers and hence these call for improvement. Key messages retained from the survey are linked to contracting complexity and strict timings, a call for “affordable” submetering, a too strict certification process (“reliability in past is no reference for future”) and too strict/high penalties for non-availability and absence of any rewards for overachieving (being below the Shedding Limit). PCL concluded mentioning that they’re working on “alternative proposals” which will be revealed soon.

With respect to STS, PCL stated that this is not interesting for the industry as impacting logistics and operational processes aside FTE-overload and psychological aspects (“convincing the plant manager” and “limited gains compared to core business”). Finally, PCL called for re-initiating the Bidladder project as soon as possible as to enable additional DSM to enter/participate to the market.

2.4 SYNERGRID (Bruno Gouverneur on behalf of DGOs)

BGO started with a review of the current process applied in 2014 for 2015. BGO continued with presenting some reflections amongst DGOs relative to the compliancy check, the Network Flex Study (or prequalification) and the contract between DGO and FSP. These reflections are generic, applicable both to R3DP and SDR.

With respect to the compliancy check of the installation versus the connection contract, BGO stated that the compliancy check is the responsibility of end user (although FSP can initiate and follow up this process if so agreed with the end user) and can be requested at any time. The compliancy check shall result in a kind of “certificate”, owned by end user, and this certificate is a precondition for requesting a NFS. This certification process will need to be elaborated further amongst DGOs.

With respect to the Network Flex Study (NFS), BGO stressed that a NFS is applicable on R3DP and SDR (although different timing) but by decoupling between the compliancy check and NFS, the lead time for NFS can be reduced to 1 or 2 weeks. This message was welcomed by Aggregators and Febeg. This NFS can result in constrained use of flex, although, according to BGO, majority of issues in current prequalification process are

linked to non-compliance rather than limitations on flex usage. Any violation of these limits is at the responsibility of the FSP.

With respect to the contract between DGO and FSP (so-called Flex Access Contract), BGO calls for a generic, regulated FSP-DGO contract. In absence of such a regulatory framework, DGOs will ask ELIA to request the NFS and the signature of this contract as a precondition for participation in R3DP and SDR products. Moreover, BGO referred to the introduction of a "Flex Access and Flex Activation Register" to register these flexible access points by EAN as well as their activations by product type. With respect to submetering, BGO stated that the overall principle should be that the DGO, acting as neutral market facilitator, is designated as the sole responsible party when submetering is needed for regulated market processes.

BGO concluded with repeating these principles applicable to both R3DP 2016 and SDR for 2015-2016 and that DGOs are committed to streamline and reduce the NFS lead time by decoupling this from the compliance check (which is a precondition to requesting a NFS). BGO stressed the need for a regulatory framework, incl. access contract between DGO and FSP as well as the changes that are necessary to the technical prescriptions embedded in C8-01 and existing contracts. Finally, BGO asked the stakeholders whether the NFS process should evolve towards a continuous process? This question was not debated during the meeting.

3. Planning SDR Winter 2015-2016

ATS presented the planning of the SDR tendering process for Winter 2015-2016 stressing the willingness for delivering a product design for SDR from distribution grid. ATS explained that the product design shall be discussed at the Task Force Strategic Reserves (4 sessions planned between 22/10 and 23/1/2015) and that specific topics related to DSO grid flexibility (see point1) will be discussed in experts WG and reported to the task Forces.

4. Conclusions

HVB closed this Expert WG session with some concluding remarks.

With respect to R3DP 2016 product design, stakeholders call for stability of current product design.

With respect to SDR 2015-2016, stakeholders call for a simple product design, with possibility for deltaP-product and pragmatic solution for supply back payment scheme ("no correction" to be analysed), comparable to current R3DP product design. However, there is a need for a new reference curve. This will be subject of next Expert WG as PSC suggested to present some reflexions on this topic. Any other input is welcomed from stakeholders.

With respect to the prequalification process, both FEBEG and Aggregators call for streamlining this process. DGOs have positively replied to this call by decoupling the compliance check from the NFS thereby committing to reduce the lead time for the NFS. However, a precondition for requesting a NFS is a "certified" compliance check. The latter process is under investigation with the DGOs. Also FEBEG and Aggregators repeated their request for a regulatory framework concerning the prequalification process and the link towards the connection contract.

With respect to submetering, both FEBEG and Aggregators call for implementing this for both R3DP and SDR. ELIA will investigate this request and come back to the stakeholders during next Expert WG sessions. DGOs replied this is also under investigation but not feasible on short term.

DGOs stressed the need for a regulatory framework dealing with the roles and responsibilities of the FSP, including regulated generic FSP-DGO access contract.

Aggregators state that STS is not a priority, although this the enduring way forward. FEBELIEC opposes this transition whereas FEBEG has no opinion, i.e. members of FEBEG have diverging opinions.

Finally, Aggregators and FEBELIEC insist on the re-initiation of the Bidladder project, once R3DP/SDR discussions on product design are finalized.