

## Minutes of meeting Balancing Taskforce 11/01/2013

### List of participants:

Company/association	Name	Present	Excused
Entelios	S. Smets	x	
REstore	P-J. Mermans	x	
REstore	L. Dossche	x	
Energypool	E. Scholtès		x
Energypool	F. Guillaume	x	
Powerhouse	J. van den Berg	x	
Actility	M. Hajjam	x	
WOM	H. Mariën	x	
APX Endex	A. Torreele	x	
APX Endex	N. Pierreux		x
FGov	C. Adams		x
FGov	S. Marchand	x	
Edora	N. Laumont		x
Edora	F. Gérard		x
Edora	F. Al Bitar		x
VBO-Feb	O. Van der Maren	x	
GABE	J.P. Bécrot	x	
Febeliec	P. Claes	x	
Febeg	S. Harlem	x	
ENI	A. Thoreau	x	
E.ON	C.D.Esposti	x	
Electrabel	D. Hendrix	x	
EDF Luminus	B. De Wispelaere		x
EDF Luminus	A. Demaret	x	
INEOS	B. Meynckens	x	
Nyrstar	S. Verwimp		x
Infrabel	W. Aertsens		x
BASF Antwerpen	E. Verrydt	x	
Air Liquide	R. Lhomme	x	
Arcelor Mittal	P. Alboort	x	
Arcelor Mittal	L. de Miguel		x
Arcelor Mittal	Y. Ouemzabet	x	
Energycluster	C. Goossens		x
Alstom	W. Gommeren	x	
ODE	T. Deheegher		x
CREG	J. Gheury	x	
CREG	G. Wilmart	x	
Anode	D. Jong		x
Elia	E. Spire	x	
Elia	F. Carton	x	

Elia	S. Otjacques	x
Elia	V. Stembert	x
Elia	A. Tsiokanos	x
Elia	B. Hebb	x

## Minutes of meeting :



Slides\_Balancing  
Taskforce 2\_incl stak

Slides:

### **1. Validation of Meeting Minutes dd 30-11-2011**

There were 2 remarks concerning the minutes of the previous meeting

Request to add:

“A. Thoreau (ENI) explained that DSOs are already controlling heating/cooling installations. Elia will analyse this”

This will be added

S. Harlem (Febeg) requested clarification upon the statement that market parties are incentivized to resolve imbalances. Is this the system imbalance or their own imbalance?

B. Hebb (Elia) explained that BRPs should – corresponding the Grid Code and BRP contracts – take all reasonable measures to be balanced on day ahead, intraday and realtime. However in real time price signals of Elia might be used marginally in order to correct their imbalance position.

After discussion it appears that it is not yet fully clear for all participants how the balance responsibility of BRPs coexists with the price signals given via single marginal pricing published close-to-real time? Elia takes note and will come back on this topic.

### **2. Various information & feedbacks**

#### Current CIPU Framework

S. Otjacques (Elia) explained that Elia will start to organise training sessions regarding the basics of balancing. The training will consist of a 2 days workshop. The first session will be organised end of March/beginning of May

O. Van Der Maren (VBO) welcomes this initiative but asks to start as soon as possible with these training sessions. He also explained that informal bilateral meetings where specific questions are answered might be more efficient.

S. Otjacques (Elia) explained that these training sessions will not only be organised for members of this taskforce but also for people with no basic knowledge about balancing markets. If possible Elia will try to organise the first training session earlier.

O. Van der Maren (VBO) explains that it is important also to invite cabinet members to participate at these sessions. According to him it is important to bring them up to speed about the evolutions in the balancing markets.

#### Feedback From Users'group 06/12/2012

The proposition to extend the "taskforce bid ladder" into a "balancing taskforce" was accepted. This means that subjects other than bid ladder will be discussed in the next meetings, amongst others with regard to R1, R2 and R3.

#### Information about XB balancing TenneT-Elia study

B. Hebb (Elia) explained that the 1st of February a workshop will be organised by Elia and TenneT to explain the current status of the study. All members of the TF balancing are invited to participate

### **3. Stakeholders Expectations**

#### FEPEG

S. Harlem explains that the role of BRPs should be respected. The introduction of new processes or product should not affect the BRP activities. Therefore an appropriate mechanism is required when allowing other parties to offer directly services on the bid ladder.

According to FEPEG offering system services is a commercial activity. Therefore DSO should not use themselves heating systems as flexibility but such flexible power should remain part of the market.

FEPEG also requests that secondary control reserves would be procured in a more markets based way. Procurement should be done on a short term basis; activation prices should become more interesting, this could improve liquidity.

FEPEG supports the initiative of Elia to start up a study to analyze a potential cross border balancing cooperation with the Netherlands. However their preference is to merge directly the bidding zones.

J. Gheury (CREG) explains that the Framework Guidelines balancing are making a clear distinction between balancing service providers (BSP) and balancing responsible parties (BRP), therefore foreseeing the case where BSPs which are not BRPs are offering balancing services to Elia. This should be done in correct contractual framework with no financial impact for BRPs.

#### APX Endex

Mr. Torreele (Belpex) explained that specifications of the balancing market should be consistent with and take into account interactions with other market timeframes (day ahead and intraday).

He explained also that a well-functioning close to real time exchange market support the objective to limit residual balancing actions to be taken by the TSO. This will also avoid cannibalization between intraday and day ahead markets.

After a question of Elia A. Torreele explained that currently no specific products for demand side management exists on the exchange platform. Currently some prototype are tested, however there are no concrete results yet.

Mr. Fernet (EnergyPool) asked whether the bid ladder might affect the liquidity on intraday markets.

Mr. Torreele (Belpex) explained that the design should consider potential interactions. According to him the balancing market design in the Netherlands had a devastating effect on the liquidity of the Dutch intraday market. Mr. Torreele is willing to provide more information.

#### Aggregators

On behalf of the aggregators P.J. Mermans (REstore) explained that it is essential for non-ARP players to have direct access to the bid ladder and reserves, based on the principle of an equal level playing field between flexible generation and flexible demand. According to the aggregators, "Vol d'énergie" needs to be avoided at all times, while pragmatic solutions exist in the UK, France, Germany, ...

#### Febeliec

P. Claes (Febeliec) explained that according to his association:

- The balancing process starts at day ahead markets. Prices at the day ahead markets should correctly anticipate the real time situation and provide incentives to be balanced.
- Demand response isn't always flexible. The use of some of this flexibility is subject to industrial process. In particular there could be an operational challenge for demand to react on market price signals or TSO requests.
- BRP responsibility is important and should be respected
- According to him the Benelux approach for cross-border balancing is too limited. He prefers a CWE solution.
- BRPs in balance lack incentives to commercialize flexibility of the consumers belonging to their portfolio
- He explained that imbalance prices should give adequate incentives. If required measures to create higher imbalance prices should be taken.
- He also stated that currently there's no inventory about demand side flexibility in Belgium. All demand side response should be used before starting up more expansive balancing solutions.

#### Gabe

Mr Bécrot (Gabe) explained that the design of the R2/R3 products should also consider the specific needs of load. Currently these products are designed in

function of power plants. In particular the distinction between modulation (small deviations) and interruption (large deviations) should be considered because they have a different impact on the industrial processes.

He also explained that the success of R1 load and ICH (R3 load) resulted from a collaboration between the industry and Elia. The shedding limit is a nice example of this; the shedding limit principle used in the R3 Load – contracts is less demanding for industrial processes.

Mr. Gheury (CREG) explained that availability requirements are not only a problem for load but also for generators.

Ms. Spire (Elia) explained that there's a tradeoff between new specific products and standardization. On the one hand specific products allow capturing more flexibility; on the other hand standardization is required to allow cross-border exchange of balancing energy.

Mr. Mermans added that one should distinguish between 2 types of load:  
Demand curtailment of industrial load that will have a direct impact on industrial output (eg. Electrolysis)  
Demand curtailment of industrial load that will have no direct impact on industrial output (eg. Industrial cooling)

#### **4. Contractual Model**

Ms. Tsiokanos (Elia) explained that in the balancing process a distinction should be made between non contracted and pre-contracted reserves. Non-contracted reserves are the residual flexibility that has not been used in the previous market time frames. Only BRPs have the right to sell and purchase electricity on the wholesale markets. Therefore BRPs are having a key responsibility in bringing demand-side flexibility to those markets.

Opening the balancing market to non-BRP players is creating different issues like:

- Affects the principle that BRPs who cause imbalances should pay activation costs
- Incentivisation principle to perform activation request of the TSO is affected
- BRPs balancing responsibility is affected; monitoring of own imbalance
- Problem of "vol d'énergie"; see slides.

Ms. Tsiokanos (Elia) explained that different possible alternatives have been investigated up till now, but that currently no solution has been identified so far exists for the fundamental issues. Therefore Elia proposes to start in a first step with a bid ladder where flexibility is offered by any BRP with production or load (instead of only CIPU BRPs). Elia will keep working to develop a framework and contractual model for the direct offering by non-BRP players

Mr. Claes (Febeliec) stated that BRPs aren't willing to offer flexibility provided by load into the balancing market. Therefore he regrets that only BRPs will be allowed to offer flexibility to the bid ladder platform.

Mr. Démaret (EDF Luminus) explained that BRPs are willing to do this, but that this isn't always possible. In particular the valuation of flexibility to put this correctly into the market is difficult. Other issues are the creation of the right

contractual framework, the reception of load nominations from the consumers and the timing to put this flexibility into the market.

Mr. Thoreau (ENI) explained that in their portfolio all consumers are having the possibility to send load nominations. According to him the issues to participate to the balancing market are limited.

Mr. Bécrot (Gabe) explained that it's difficult for load entities to react in real time on the opportunities given by the imbalance prices as no correct contractual framework exists and no real time imbalance prices are published.

Mr. Hendrix (EBL) explained that according to him pass-through contract with consumers are incompatible with the balancing responsibility of BRPs and should therefore not be allowed.

Mr. Bécrot (Gabe) doesn't agree with this as pass-through contracts are transferring the balancing responsibility to the end-consumer. As a consequence the specific balancing obligation for the concerned contracts aren't valid anymore for the BRP.

Mr. Démaret (EDF Luminus) agrees that the current obligation for the BRP to be balanced is not consistent with the fact that Elia is publishing real time imbalance prices to trigger real time reactions from BRPs.

*Elia took note of the above discussions and will come back on the topic of the balance responsibility in a next meeting.*

Mr. Hajjam (Actility) explained that a solution is required to allow participation of independent BSPs on the bid ladder while the financial impact for BRPs is limited. Restricting the access to the bid ladder to only BRPs is a competition issue.

Mr. Claes (Febeliec) stated that no additional flexibility will be offered on the bid ladder platform if only BRPs are allowed to bid in and if no specific products for load are developed.

Ms. Spire (Elia) clarified that Elia is not opposed in principle to the idea that BSPs (other than BRPs) should be allowed to bid in to the bidladder platform. However no feasible solution currently exist. Elia will keep on working on this topic with a view to create a long term sustainable solution, but in the meantime Elia would still like to make some shorter-term steps to develop the balancing market outside the strict CIPU framework of today.

Mr. Mermans added that, next to the bidladder, the contractual model of R1 & R3 could be reviewed in parallel in context of this Taskforce.

Mehdi Hajjam (Actility) suggested some ways for handling the technical issues ELIA is facing, mostly related to the impact on the perimeters of the ARP, e.g.:

- Definition of a reference curve as implemented in the US by ISO such as New England's deserved attention, and they could also be implemented in Belgium.
- Regarding the "report effect", that is to say a site consuming the electricity later on after an upward offer or not consuming it as it should have after a downward offer, Mehdi stated that it is possible to statistically quantify the economic impacts on the ARP's perimeters

- Regarding the "vol d'energie" you might be afraid of when looking at the Voltalis case in France, the common ground on which the different aggregators stood together during the meeting clearly displays a positive attitude. We want to avoid it at all cost, as it proves a hindrance to the demand side management business as a whole. It can be avoided very easily, by having the energy paid to the supplier

## 5. Experimentation R3 from Decentralised load

Due to lack of time this subject was not discussed during the meeting.

## 6. AOB

### Next meeting – Taskforce n° 3 => 01/03/2013

- As already confirmed this meeting will be 01-03-2013 PM.
- For organizational reasons this meeting will be held at
  - NH HOTEL DU GRAND SABLON
  - 2-4, rue Bodenbroek – 1000 Brussel
  - Welcome as of 13hrs
  - Start meeting at 13hrs30, end foreseen around 18hrs
- Draft agenda:
  - Validation of Meeting minutes dd 11-01-2012
  - Various information's and feedbacks
    - Conclusions + nexts steps regarding training
    - Feedback stakeholder workshop XB Tennet-Elia
    - ...
  - Evolutions to our balancing publications
  - Contractual models
    - Experimentation R3 from Decentralised load
    - ...
  - Portfolio and/or Unit bidding ↔ link with congestions management
    - Introduction
    - Current process for congestion management
    - Criteria and benchmark
    - Proposition for congestion management with the future bid ladder
    - ...
  - Discussion
  - Questions & remarks
  - Confirmation of next meeting date
  - ...

### Next steps - To do's

- Remarks on these minutes can be sent to [bob.hebb@elia.be](mailto:bob.hebb@elia.be)
  - Final minutes will be validated on the next taskforce.
- Please fill in this Doodle so that we can choose the most suitable date for taskforce n° 4:

- <http://www.doodle.com/pfcubbtgyn7na7u>
- Elia will clarify the “balance repositibility” of BRPs.
- Elia will analyze how DSO's decide to control heating/cooling installations.