

## Minutes of meeting Balancing Taskforce 20/11/2014

### **List of participants:**

Company/association	Name	Present	Excused
FOD Economie	Senne Gabriels		X
EDORA	Noémie Laumont		X
Belgian Offshore Platform	Lut Vande Velde		X
Belgian Offshore Platform	Antoons Eric		X
VBO-feb	Olivier Van der Maren		X
GABE	Jean-Pierre Bécrot	X	
Febeliec	Peter Claes		X
FEBEG	Steven Harlem		X
Progress Energy	Wouter Verbeeck		X
FEBEG (eni)	Antoine Thoreau		X
FEBEG (eni)	Ludovic Platbrood		X
FEBEG (eni)	Pieter Verlinden	X	
FEBEG (eni)	Florent Dalez	X	
FEBEG (E.ON)	Jimmy Tjoa	X	
FEBEG E.ON	Herman Wyverkens	X	
PowerPulse	Taverniers Hans	X	
FEBEG (Electrabel)	Bart Massin	X	
FEBEG (Electrabel)	Seth Spoelders	X	
FEBEG (EDF Luminus)	Frédéric Demaret	X	
FEBEG (EDF Luminus)	Grégory Michiels		
FEBEG (EDF Luminus)	Bram De Wispelaere	X	
RWE	Nic Niedermowwe		X
RWE	Heribert Kresse		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
Energypool	Arbeille Jacques	X	
Actility	Cedric De Jonghe	X	
Wom	Herman Marien	X	
Belpex	Rob Loos	X	
Synergrid	Bruno Gouverneur		X
Infrac	Annick Dexters		X
Ores	Didier Halkin		X
Ores	David Vangulick		X
Eandis	Luc Decoster		X
Eandis	Lieven Degroote	X	
Tecteo	Amandine LEROUX	X	
Elia	Emeline Spire (ESP)	X	
Elia	Hans Vandenbroucke (HVDB)	X	
Elia	Vanessa De Wilde	X	
Elia	Carl-Stephan Thüngen	X	
Elia	Matthias Masschelin (MMA)	X	
Elia	Bob Hebb (BHE)	X	
Elia	Jan Voet (JVO)	X	
Elia	Sophie Van Caloen (SVC)	X	
Elia	Caroline Pouleyn	X	

### **Minutes of meeting :**

All agenda items were supported by presentations prepared by Elia or Synergrid for agenda items. These slides serve as background for these minutes and can be found infra and on the ELIA website under

[http://publications.elia.be/upload/UG\\_upload/Z2GZWH5G0H.pdf](http://publications.elia.be/upload/UG_upload/Z2GZWH5G0H.pdf)

### **1. Agenda for the balancing taskforce of 25/04/2014**

- Approval of Minutes TF Balancing dd 17/02/2014
- Status Update Ancillary Services 2015
  - Contracting
  - STAR 2015
- Qualitative common comparison study on the subject of a BE-NL-DE Coordinated Balancing Area
- Status update project R2- wind
- Solar eclipse 20/3/2015
- Planned Enhancements Balancing Publications 2015
- Feedback Expert Working Group
- Short Term Sourcing R3

## **2. Validation of Meeting Minutes dd. 25/04/2014**

Remarks on the meeting minutes of the previous TF Balancing of Apr 25<sup>th</sup> could be sent to [hans.vandenbroucke@elia.be](mailto:hans.vandenbroucke@elia.be) no later than May 5<sup>th</sup> 2014, 18h00. There were comments received from GABE which have been included. The final minutes of the previous taskforce were published on the ELIA website on May 6<sup>th</sup> : [http://www.elia.be/~media/files/Elia/About-Elia/Users%20Group/Task-force-balancing/TF\\_balancing\\_25042104\\_final\\_MoM.pdf](http://www.elia.be/~media/files/Elia/About-Elia/Users%20Group/Task-force-balancing/TF_balancing_25042104_final_MoM.pdf)

## **3. Status Update Ancillary Services 2015**

Matthias Masschelin (MMA) gives an overview of the evolution of the short term auction for R1 & R2 since last TF Balancing. He also clarifies the possibility to contract R1 200MHz product from France and the reconstitution costs (1,025€/MW/h) applied by RTE in order to guarantee the 100% availability and the volume cap of 58MW for 2015.

JP-Becret (GABE) asks if this reconstitution premium is to be considered as an extra premium on top of the bid price for R1 from France. MMA confirms that indeed this premium is applicable on every MW from France during the period for which it has been contracted.

MMA continues with providing an overview of the minor changes to the ST Auction process: Gate 2 is now on Wednesday following the Gate 1 on Tuesday and auction results are published within 24hours following the final gate closure time. MMA presents the calendar for 2015, starting with 1<sup>st</sup> auction for 100% of R1 and R2 volume for January 2015 on Dec 9<sup>th</sup> at 14h.

MMA highlights the transparency requirements on the publications of auction results. ELIA will publish per product type, the overall retained volume and average price of the monthly selection. MMA clarifies the bidding instructions with the granularity of bids now being defined at 1MW. MMA requests participants to comply with the bidding instructions, although not binding, as to guarantee the most optimal solution to be selected, especially with respect to the number of bids (25-50-75-100% applying economic logic) as well as offering max technical capacity.

MMA concludes with clarifying the conditions to participate to these auctions.

F. Demaret (EDF-Luminus) asks if there is no possibility to enable a B2B-connection given the vast amount of bids that can be sent into the bidding platform.

## **4. Status Procurement R3 2015 (R3Prod-R3DP-ICH)**

MMA clarifies the tendering calendar and refers to the standstill period which is currently activated from Nov 7<sup>th</sup> till Nov 24<sup>th</sup>. During a standstill period, participants to the tendering can request additional information on the tendering process. Consequently, ELIA cannot comment on the outcome of the tendering process as long as this standstill period is not finished.

## **5. Qualitative common comparison study on the subject of a BE-NL-DE Coordinated Balancing Area**

Bob Hebb (BHE) starts with describing the context and objective of the Network Code on Balancing as well as an overview of the existing pilot projects. BHE continues with a presentation of the study that was performed by IAEW and E-Bridge sponsored by Elia, TenneT NL and German TSOs. Goal of this study was to analyse the options for cross-border cooperation in balancing between Belgium, the Netherlands and Germany, taking into account the requirements of the Network Code Balancing and the Framework Guidelines. BHE explains the main differences between the countries and concludes that there are significant challenges ahead. For FCR, a cooperation is more likely to be achievable, for FRR this is less evident and will require further discussions. ELIA will therefore focus on continuing the FCR exchange, the participation of Belgium in the common procurement of FCR between DE, CH and NL. Meanwhile discussion will start on the harmonisation of FRR.

D. Jong (Anode) asks if these initiatives will not decrease the available cross-border capacity. BHE replies that these projects will solely use any remaining capacity after ID.

## **6. Status update R2- wind project**

Jan Voet (JVO) explains the purpose of this technical R&D pilot project, performed in close cooperation with Windvision, Enercon and Eneco. JVO clarifies the concept of the Available Active Power (AAP) that is necessary to measure the effective contribution to the R2 downward regulation, as well as the 2 different ways of providing this R2 down on windmills. Currently the project is in test phase 2 with concrete test starting from beginning of Nov till end of Dec. However, due to some technical communication issues, tests might be delayed. In any case, the tests will have a limited impact on the Net Regulation Volume (only 5-10MW additional R2) but no impact on the selection of the 150MW R2 volume (R2 wind comes on top of this volume) nor on the imbalance prices. Goal of this test phase is to measure the ability of the windfarm to follow the continuous setpoint. So far, this has provided positive test results.

J. Tjoa (EON) refers to the need to source as well the complement of this R2-downward regulation capacity. And to provide this upward complement only, might be expensive as well. Has ELIA considered the overall trade-off?

JVO replies that providing the upward complement only has also an advantage as the CCGT does not need to reserve a band for downwards regulation which translates into more efficient delivery for the respective BRP (less must run costs). In addition this increases the margin on the CCGT unit to deliver upward R2. Hence this might in the end result in a reduction of the must run units for R2 delivery in Belgium.

P. Claes asks if this performance has also been tested under high wind conditions?

JVO replies that indeed performance during high wind conditions, as low wind conditions were tested.

C. De Jonghe asks if also DSM might participate to R2-up regulation?

JVO explains that technically indeed wind mills can also provide upward R2. However due to the loss of green certificates this is presumed to be at high costs. In very specific market conditions however this could be the most efficient solution.

JVO continues explaining the AAP quality which is close to measured output, thereby providing a good quality. Moreover, the R2-regulation is delivering good performance with respect to the requested set point. JVO concluded with the next steps: continuing with the Phase 2 test period, and reflecting on how windfarms can be integrated in a R2 market (especially wrt activation prices enabling cost recovery for the green certificates).

D. Jong asks if wind is measured at each turbine and then aggregated towards ELIA? JVO confirms that the calculation of AAP is performed per turbine

F. Demaret points to the fact that now ELIA is paid by R2 units providing downward regulation (fuel savings), whereas windmills have in such case no fuel cost savings and loose green certificates. How will this affect the imbalance prices?

JVO explains that one of the purposes of the project is to look at this problem. Given the expected more extreme prices for RES participating in R2, a transition towards a more "merit order" R2 activation scheme (compared to current pro-rata approach) is one of the possible solutions..

## **7. Solar Eclipse – March 20th 2015**

Sophie Van Caloen (SVC) explains the upcoming event of a solar eclipse impacting the European power system on 20/3/2015. This event might cause a reduction of solar infeed by 30GW during clear sky conditions in continental Europe. Hence, it provides serious challenges to BRPs in terms of self-balancing and TSOs in terms of security of supply. But a solar eclipse is predictable and hence BRPs should prepare themselves thereto. ELIA is urging BRPs to carefully assess the impact on their portfolio and to take all necessary preventive measures possible. ELIA will keep the stakeholders informed especially via the WG System Operations.

One participant questioned if Elia expected that this imbalance will be managed by the BRP via the market.

SVC confirmed that this is indeed what is expected because BRPs have to fulfil their balancing obligations.

F. Demaret asks if ELIA will contract additional reserves to cover this event.

SVC replies that ELIA is still investigating the event but plans no additional volumes to be contracted.

D. Jong asks if ELIA has information on the ramping rates of the load in the morning and at night so to compare these events in terms of magnitude.

## **8. Enhancement Balancing Publications 2015**

SVC presents proposed improvements to the existing Balancing publications on the ELIA-website but insists that these initiatives haven't been confirmed and launched yet.

JP-Becret is requesting if the frequency data cannot be downloaded every day instead every month as to decrease to size of the data download. Moreover, JP-Becret would like the current publishing of NRV and SI to be more clear, expressing clear situations of excess and deficit of NRV.

SVC replies that this will be investigated.

C De Jonghe questions what the granularity of the frequency data will be?

SVC replies that this is still under discussion but will revert to next TF Balancing when more information is available.

B. De Wispelaere recalled an earlier FEBEG request to determine in real time the actual individual positions of the balance responsible parties and make this information available for the respective balance responsible parties. A similar functionality already exists in the gas market where Fluxys gives online information about the individual (hourly) balancing position of each shipper (called "gas-online"). Upon this suggestion a short debate took place about the feasibility of such a functionality, during which Jacques Gheury confirmed that also the CREG has started a study to assess this possibility.

ESP request stakeholders to provide their feedback and remarks/alternatives by e-mail to [hans.vandenbroucke@elia.be](mailto:hans.vandenbroucke@elia.be) and to confirm if these proposed enhancements to the Balancing publications are the right priorities to continue with in 2015.

## **9. Feedback Expert Working Group of Nov 17th**

H. Vandenbrouke (HVDB) provides a short feedback on the discussions within the Expert Working Group.

Any feedback on product design or baselining will be done in the Task Force Strategic Reserves of 3/12/2014. In short: ELIA is investigating options to facilitate submetering at the ELIA-grid for SDR, R3DP and ICH as from Nov 2015 (for SDR) and from 2016 (for R3DP and ICH).

L. De Groote (Eandis) provides an update of the DSO-position of 17/11/2014 thereby advocating a clear role for the DSO as neutral party when submeter is used in market processes.

J. Gheury (CREG) re-insists on the fact that submetering is not a regulated activity and does not agree with the DSO-position that these are the single point in the submetering process at DSO-grid. Submetering and associated services should be a competitive market.

L. Degroote continues with prequalification and an update of the DSO – SDR provider contract. The different parties confirmed their position given during this working group but these points of view are repeated in this report.

On R3DP for 2016, HVDB presents the call for stability in current product design, i.e. prolongation of existing product design of R3DP 2015 while maintaining the volume cap at 100MW. Nevertheless, CREG has requested ELIA to increase this cap to 150MW. Moreover, Febeg is invited by CREG to provide technical motivation in case they disagree with proposed increase of volume cap. Finally, FEBEG calls for investigation of the equivalence between R3DP and R3Production and transparency on the rules of partial activation.

For more informations – please consult the documents of our Expert Working Group published on the ELIA website: <http://www.elia.be/en/users-group/ad-hoc-taskforce-balancing/Expert-WG>

## **10. Short Term Sourcing R3DP and R3 Production**

HVDB describes the context related to the rationale of transiting towards short term sourcing ("STS") for R3Production and R3DP. On top of the European trend towards STS (cf Germany where daily R3 sourcing is done), the risk of imperfect market conditions with a very limited supply structure of R3Production needs to be mitigated by creating possibilities for extra R3 liquidity. This liquidity can come from newcomers that are today constrained by the yearly obligations for offering R3 to ELIA, especially in terms of availability. Moreover, transiting to monthly sourcing for R3DP provides

additional (7 months) tender opportunities for the market players that are also participating to the SDR tendering cycles.

During last Expert WG, ELIA has pronounced its intentions to organize monthly sourcing for both R3DP and R3Production. Hence, subject to CREG approval and related market consultation, ELIA envisages to source R3Prod and R3DP on a monthly basis as from 1/1/2016. Prior to this transition, ELIA will align with market participants on how to modify some product design features such as number of monthly activations. This will be done via next TF Balancing.

J.P.Becret asks if this transition is also applicable to ICH?

HVBD replies that first a consultation will be organized for ICH as till now solely STS for R3DP and R3production were discussed with stakeholders.

ESP adds that if there is a desire from ICH participants, this information is welcomed.

B. De Wispelaere argues that any transition to shorter than 1 year contract period will result in even less liquidity as the capex driven R3 Production market will need to recover these costs from one or more monthly auction payments. This will drive units further to the SGR market where a capacity payment is available.

B. Massin confirms that this transition will result into a net reduction of liquidity offered to ELIA.

The question of the possible combination between yearly and shorter term auctions has been raised by different participants but based on the latest experiences Elia is not especially in favour of a combination.

P. Kreutzkamp states not to fully understand why R3 is treated differently than R1 and R2. He's rather convinced that STS of R3 is of large benefit for Elia and therefore for the consumers as the prices will most likely decrease. He refers to the lessons learnt from Germany where TSOs moved from annual to even daily contracting of R3.

P. Kreutzkamp considers it more important to highlight that the market entry barrier of annual tendering for a new aggregator is very high if not unsurmountable.

## **11. Next steps**

ESP concludes the meeting and invites stakeholders to comment the draft MoM as well as to reply to Elia's invitations to provide feedbacks from ELIA (eg. feedback on priorities for balancing publications).

Next TF Balancing is scheduled in beginning of 2015 (Feb-March).