

Febeliec answer to the public consultation on the proposal for decision (B)1631 from the CREG on the evaluation methodology for the determination of the volumes for primary, secondary and tertiary balancing reserves for 2018

Febeliec would like to thank the CREG for the opportunity to provide input to the public consultation on the proposal for decision (B)1631 from the CREG on the evaluation methodology for the determination of the volumes for primary, secondary and tertiary balancing reserves for 2018. With respect to the procedure of this consultation, Febeliec would like to point out that to its opinion a consultation period of only three weeks is quite short for a decision on balancing rules covering such an important component of the electricity system in Belgium and creates challenges for internal discussions.

With respect to the proposal itself, Febeliec would like to make following comments:

- In general, Febeliec wants Elia in combination with the CREG to prepare a more detailed and elaborate analysis on the use and impact of the combined offshore wind farms as the determining factor the determination of the need for aFRR and mFRR volumes, as this volume will only be increasing over the following years and thus might lead to extreme volumes and unaffordable balancing reserve capacity to cope with N-1 situations due to storm winds on the North Sea, as basis for a broad debate with all stakeholders, including governments, on the risk exposure as well as the allocation of the related costs to either the community or the operators of these intermittent production facilities (as was historically also the case for the operator of such facility determining the size of the balancing reserve capacity between the standard and global system based on the capacity of an individual installation exceeding the size of the largest facility owned by multiple BRPs).
- On point 3.2.2 on the determination of the volume of primary reserve capacity, it is said that the share of Belgium for the total FCR volume for 2018 will be determined later in 2016 by ENTSO-e, and that as such the volume cannot be exactly specified. Febeliec supposed that instead of 2016 was meant 2017, as otherwise this point would not make sense. Febeliec remains for FCR a strong proponent at this point to continue allowing asymmetrical FCR products in Belgium, to allow as many participants to enter into competition and reduce the total system cost, to the benefit of all grid users.
- On 3.3.1 on the determination of the volume for secondary and tertiary reserve capacity, Febeliec hopes that these will evolve towards shorter term contracting periods (e.g. monthly or weekly), in order to allow participants with a much less long forecast visibility horizon to also participate to these auctions and to avoid contracting yearly volumes which go beyond the real needs during certain periods of the year. Febeliec is also interested in seeing how a netting mechanism comparable with IGCC for FCR could have an impact, taking into account that Febeliec is strongly opposed to reserving cross-border capacity in advance for balancing reserves, to avoid exacerbating current situations with sometimes very limited cross-border commercial capacity due to German loopflows and the impact this has on prices in the Belgian control area.
- On point 17 (p11), Febeliec would like to receive more information on the other non-identifiable imbalances caused by BRPs, and wonders whether this also entails potential gaming by BRPs. In any case, Febeliec reiterates its request for a publicly available analysis and benchmark of the

performance of individual BRPs, for example on their ability to respect their nominations and the size and direction of their imbalance positions, as this would provide valuable information to consumers to allow them to select their BRP taking into account all relevant information, as these elements can/will also have an impact on their individual invoices.

- On point 3.3.4 on the determination of the volume of tertiary reserve capacity, Febeliec takes note of the fact that neither free bids nor non-contracted R3 offers are not taken into account for the determination of the required reserve capacity. Febeliec would like Elia and the CREG to analyses to what extent current evolutions, amongst other but not limited to the increase of the participation of Demand Side Response as well as the instauration of bidladder, in combination with a shorter time horizon for the determination of the required reserve capacity could lead to lower volumes to be contracted, e.g. because a certain minimal volume has always been available in non-contracted reserves. Especially towards the following years and taking into account the first point raised by Febeliec above, this could help to cope with some worrisome evolutions on contracted reserve volumes and the affordability hereof.
- On point 3.4 on the additional considerations from the CREG, Febeliec would like to point out on point 35 that Elia should also take into account all other potential sources of inter-TSO reserves, with the entry into force of BeDeLux and in the near future also NEMO and ALEGRO. Febeliec joins the CREG in its observation on the increase of participation of Demand Side Response to balancing services and balancing reserve capacity, but pleads for an on-going effort to remove all remaining barriers and obstacles, as well in product design as on a regulatory or legal level, in order to create as much competition as possible to increase the efficiency of the system and lower the total system cost. This also includes pushing for a solution for transfer of energy and the instauration of the bidladder project, as well as cooperation with aggregators, individual grid users able to offer such services as well as the distribution system operators and all consumers connected to those grids. Febeliec finally also wants to refer to the last point raised by the CREG towards Elia to take all reasonable measures to allow combination of products per delivery point, which Febeliec strongly supports and where Febeliec also refers to its opposition towards the exclusion of a combined delivery of strategic reserve and balancing services from a same delivery point, even if the reactions for each of these products could be separated.