

## **Febeliec answer to the public consultation on the proposal for decision (PRD)1632 from the CREG on the Elia Balancing Rules**

Febeliec would like to thank the CREG for the opportunity to provide input on the public consultation on the proposal for decision (PRD)1632 from the CREG on the Elia Balancing Rules. 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.

Febeliec would like to point out that over the course of the last few years, the balancing rules and corresponding balancing products from the TSO have made progress in reducing the discrimination between generation on the one hand and demand side response on the other hand, but that a full level-playing field has up until now not yet been achieved. The endeavor to remove all remaining barriers and obstacles, be them legal, regulatory or technical/product-related, should be at the center of attention for all concerned parties, be them system operators, but also regulators and governments. The participation of all sources of flexibility, in particular demand side response, will be needed to allow sufficient competition and a minimization of the total system cost, to the benefit of all grid users. Clear examples of elements beyond the responsibility of the TSO that need to be addressed are a.o. the modification of the Federal Grid Code to allow merit order based mFRR activation or the removal of regulatory provisions excluding certain delivery points from participation to balancing products (see below).

With respect to the proposed evolutions of the balancing rules, Febeliec has a fundamental issue with the proposal from Elia, on request of the CREG, to exclude (as of 01/11/2017) all delivery points included in a contract for strategic reserve from delivery of any balancing services. As Febeliec has already pointed out during meetings of the Elia work groups on Balancing and Strategic Reserve as well as on all consultations on the strategic reserve describing this criterion, this criterion is extremely harsh and excludes delivery points where both services could be delivered independently and without interference from each other. Examples provided and discussed with the CREG as well as Elia include a.o. industrial processes on a same delivery point where part of the process can react within the required timeframes of balancing products, but other parts of the same process on the same delivery point can only react within the longer timeframes provided by the strategic reserve products. Both reactions can be separated from each other and would thus not entail a potential cross-product overlap. Nevertheless, by this very harsh exclusivity criterion, such delivery points are no longer allowed to provide both services, thus reducing competition in one of both markets and driving up the reservation cost, and as such going against the minimization of the total system cost, to the detriment of consumer bills. The argumentation of the so-called creation of a level-playing field between CIPU and non-CIPU units has been at many times refuted by Febeliec, while the proposed criterion reduces the efficiency of the system. Febeliec thus again strongly opposes this criterion.