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From: peter.schell@restore.eu
Sent: 20 September 2016 15:50
To: consult.1556
Subject: Fwd: REstore remarks on CREG decision 1556

Début du message réexpédié :

De: "peter.schell@restore.eu" <peter.schell@restore.eu>
Objet: REstore remarks on CREG decision 1556
Date: 20 septembre 2016 15:45:04 UTC+2
À: 1556@creg.be, Andreas Tirez <andreas.tirez@creg.be>, Jacques Gheury <jacques.gheury@creg.be>
Cc: Geert Ramault <geert.ramault@restore.eu>, Pieter-Jan Mermans <pieter-jan.mermans@restore.eu>

Dear CREG,

please find below REstore feedback on the proposed decision regarding R3 2017.

We fully understand and agree with your remarks that although this is an undeniable step forward it still falls short of the objective to fully open up all of R3 to non-CIPU units and create a level playing field between both. As mentioned in your document this will only be the case when Transfer of Energy (ToE) is introduced and all participants will indeed be able to compete on equal terms. This situation is not expected before Q2 2017 at the earliest and this date is heavily dependent on the progress of the CREG/Elia law proposal that still needs to be voted by the parlement.

In the mean-time R3 standard under the current proposed rules will have very limited interest for consumers, indeed the expected activation time is longer and much more volatile then for R3Flex (ex-R3DP) and this makes it problematic to reflect the actual cost (except for the energy that is already paid for seen the uncorrected model used) in the reservation price. As such we are convinced that it will remain an empty change of name and the vast majority of the volume will still come from production. Therefore the historic under-subscription of this product will remain probably causing similar price issues as in the past.

Therefore we ask the CREG to introduce a temporary solution to give non-CIPU units a chance to submit offers for R3 standard. To deal with the technical and legislative barriers that will be in existence on 1/1/2017 we propose to introduce a fix activation price for non-CiPU units that is equal to the marginal activation price of the last production offer retained in R3Standard at that given moment.

Indeed this makes Non-CIPU units actual "system" activation price more expensive for the system. The cost is the sum of the marginal cost of the most expensive production unit in R3Standard and the imbalance price paid due to the non-correction of the perimeter. This is counter balanced by the fact that these units will be after the production units in the merit order, not by choice but by design. Further the accrued liquidity in R3 Standard should have a positive influence on the reservation prices as seen in the current monthly auctions of R3.

We agree that this solution is not optimal and should be replaced ASAP by a ToE based solution that will indeed create a level-playing field, but believe the proposed solution will have a significant impact on the volumes of DR in R3 Standard and make sure that volume is there when we evolve towards the target solution hopefully sometime in 2017.

This, we believe, is in line with the stated objective of the CREG and government to allow DR to grow in the auxiliary services market to the benefit of all consumers.

Regards

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