

## **Febeliec answer to the CREG public consultation (PRD)1677 on the project of decision on the Transfer of Energy (art19bis, §§ 3-5 of the Electricity Law)**

Febeliec is pleased to see that one of the essential building blocks for a better development of demand side response in Belgium, related to the organisation of the Transfer of Energy (ToE) is now being finalised by the CREG, with the introduction of a fall-back price formula, standard contractual arrangements and clauses for this ToE, as essential building blocks to complete the model proposed by the CREG already two years ago now. Febeliec has since the beginning been part of the discussion on demand side response and ToE and has provided its input throughout the process. On the current CREG public consultation (PRD)1677 on the project of decision on the Transfer of Energy (art19bis, §§3-5 of the Electricity Law), Febeliec would like to make following additional comments:

- Side numbers 8 and 9: Febeliec understands the proposed standard solution applies to cases where the contract between supplier and consumer does not include a specific price for the specific period of the DSR activation. In all other cases, the contractually agreed price for that period applies. Is this interpretation of Febeliec correct?
- Side number 10: Febeliec agrees that the FSP has to notify the TSO of every activation of a flexibility service. As for the sanction in case of a non-notification, Febeliec suggest the CREG specifies which costs for the TSO have to be covered by this penalty fee and/or how the level of the penalty would be determined.
- Side numbers 12 to 31: Febeliec can broadly support the approach proposed by the CREG. Febeliec particularly appreciates the efforts to stimulate market players to come to negotiated agreements on the ToE rather than falling back on the standard formula.
- With respect to the final sentence of side number 14, Febeliec would like to urge the CREG and Elia as well as all other stakeholders to move as quickly as possible forward to enabling ToE for **all** markets, including the day-ahead and intraday markets. Febeliec, as at every occasion indicated during all meetings of the Working Group balancing of Elia and its subgroups such as the Task Force on the implementation of the Strategic Reserve as well as other meetings and consultations, has voiced its disappointment on the lack of ambition on this element, with only feasibility studies for the extension of ToE for DAH and ID in 2020, without even any real solution being possible before 2021 at the earliest, which is still years in the future. This will hamper the development of demand side response, to the detriment of the system and the system cost.
- With respect to side number 29, Febeliec notices that in art3 of the decision itself CREG has forgotten to add the brackets that have been correctly introduced in the formula in side number 29 of the text. In art3 of the decision, it is not clear to which part the +/-5% is applicable. Moreover, this article nor any other specifies this element textually, so it is unclear when a positive or negative 5% up/downscale is to be used based on the decision itself.
- On side number 31, Febeliec agrees with the CREG the proposed formula needs to be stable in time, but also follows the CREG that it is important that this formula will be evaluated yearly to see whether it is still robust and to take account of market evolutions and experience.
- Side number 32-37: Febeliec would like to re-iterate the possibility to neutralise the imbalance cost linked to the activation of a flexibility service in the portfolio of the BRP of the original supplier, and to allocate it to the portfolio of the BRP of the FSP. The CREG proposals in the draft decision are, as stated in the document, "imperfect" solutions... (as discussed during the workshops and consultations on flexibility and ToE).
- In side number 48, the CREG mentions a transitory regime for the financial guarantee in the first 3 months of the contracts between the FSP and the TSO and refers to art20 of the decision. However, the CREG decision only has 12 articles and Febeliec thus does not understand to which article and/or transitory regime the CREG refers in this context.
- Side number 51: Febeliec urges the CREG to **drastically** reduce the terms of 10 working days, 30 working days and 50 working days as proposed in the draft decision to reasonable levels. It should, for instance, not take 10 working days to transmit copies of the documents to the other party. The proposed timing is according to Febeliec inadequate for a fast development of demand side response in case of the need to apply ToE and the standard price formula.
- Annex 1 – Art. 4, §3: Febeliec invites the CREG to specify which communication channels are allowed (letter, fax, mail, ...).

In any case and on top of the above, it remains important for Febeliec to continue the work on all the barriers of entry and obstacles that still hinder the full development of demand side response in Belgium, for example related to the determination of baselines, the still existing mutual exclusivity between Elia products, the impossibility to apply ToE as described in the project of decision of the CREG to day-ahead and intraday markets, and so on, while it is also important for Febeliec to signal that ToE does not only involve the transmission system operator, but also all other relevant system operators, including CDSOs, which need at least to be notified about demand side response and the application of ToE in their grids, in order to have all the necessary elements in place for the related information exchange.