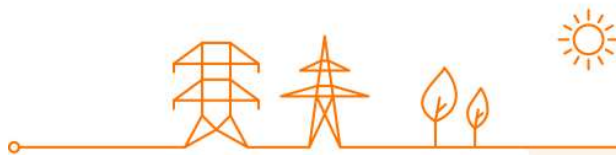


11 OCTOBER 2019

**Informative document in support of
the public consultation of the
proposal for the market functioning
rules for the compensation of
quarter-hourly imbalances
(Balancing Rules).**



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Introduction

Pursuant to article 200 of the Royal Decree with respect to a grid code for the management of the transmission grid of electricity and the access to this grid of 22 April 2019 (hereafter referred to as “Federal Grid Code”), Elia submits market functioning rules for the compensation of quarter-hour imbalances (hereafter referred to as “Balancing Rules”) and amendments thereof to the CREG for approval.

The current Balancing Rules entered into force on December 1st, 2018. As Elia is preparing the implementation of a new proposed design for mFRR services, Elia must submit new proposals for related documents:

- Terms and Conditions for Balancing Service Providers for manual Frequency Restoration Reserve (“T&C BSP mFRR”)¹
- Balancing Rules

On October 3rd, 2019, Elia received a Request for Amendment from the CREG (Decision (B)2000) regarding the T&C BSP mFRR submitted in June 2018. In this decision, CREG also requests Elia to adapt the Balancing Rules in coherence with the amendments to the T&C BSP mFRR.

Practical information

Elia has launched a public consultation regarding the proposals for amendments to the Balancing Rules. This note serves to support the stakeholders in their review of the proposed changes.

The purpose of this public consultation is to receive comments and suggestions from involved market parties in the context of the official approval procedure of the document pursuant to article 200 of the Federal Grid Code. The market parties can submit their responses via the online form on the Elia website, from Friday 11 October to Friday 8 November 2019.

Following the consultation Elia will submit all stakeholders’ responses to the CREG together with the document proposed² for regulatory approval, the consultation report, and this supporting document. Elia will submit the proposal and the supporting document to the CREG together with the proposal for T&C BSP mFRR, i.e. by 3 December 2019.

Elia will publish all these documents on the Elia website except for the responses of stakeholders that requested their feedback to be treated as confidential.

¹ Visit the dedicated consultation webpage for the new proposal of T&C BSP mFRR:

<https://www.elia.be/en/public-consultation/20191004-public-consultation-on-the-terms-and-conditions-for-the-mfrr>

² Possibly adapted if needed



1. Approach of the current changes to the Balancing Rules

The current version of the Balancing Rules entered into force on 1 December 2018. It included changes for implementation of design changes proposed for mFRR with respect to the introduction of merit order activation and activation prices for energy bids of contracted non-CIPU capacity. Another large change included in the previous Balancing Rules of 5 November 2018 served to introduce the Winter Product (i.e., the use of slow bids on non-CIPU units). The addition of the rules regarding the Winter Product were at that time announced to be valid until 31 March 2019 and Elia has not proposed to prolong the use of the Winter Product since then.

On February 3rd 2020 a new design for the mFRR service will be implemented. On the same date the regulated T&C BSP mFRR would replace the non-regulated General Framework Agreements (GFA) that exist currently for the tertiary reserves. In order to avoid overlap between these T&C and the balancing rules, Elia proposes a new version of the balancing rules removing all sections on the product design of mFRR.

However, the GFA for primary and secondary reserves will still be used for at least the first semester of 2020. Consequently, the version of the Balancing Rules proposed in this consultation is a 'transitory version'. Many changes in coherence with the T&B BSP mFRR (see section 2 in this document) include the complete elimination of sections in the Balancing Rules as, from now on, these elements are described in the T&C BSP mFRR, but the same sections remain in the Balancing Rules with respect to primary and secondary reserves. Also some terminology is updated in coherence with T&C BSP mFRR, but old terminology remains in the document to keep coherence with the current GFA for primary and secondary reserves. This transitory version of the Balancing Rules will be used until the GFA for primary and secondary reserves are replaced by regulated T&C BSP FCR and T&C BSP aFRR, for which there are other implementation projects ongoing with go-live planned mid 2020.

Therefore, the profound 'clean-up' of the Balancing Rules, including a complete review of the scope of the Balancing Rules vis-à-vis T&C BSP and a full update of terminology, will be proposed by Elia in the first half of 2020.

2. Changes in coherence with T&C BSP mFRR

Given the current changes proposed to the T&C BSP mFRR, the Balancing Rules must be adapted coherently. The changes proposed to the Balancing Rules with respect to mFRR mainly contain a clean-up of the document.

Firstly, many paragraphs (such as on procurement, selection, and activation) are **deleted** as these design aspects are now included in the T&C BSP mFRR. It concerns the paragraphs:

- 6.4. on the general conditions with respect to the selection of tertiary capacity to be procured
- 6.5. on the reservation of tertiary regulating capacity "standard" and "flex"
- (partly) 6.7 on the secondary market
- (partly) 8.1. on general activations for the balancing of the Belgian control area



- 8.4. on the activation of non-reserved tertiary reserves on CIPU technical units
- 8.5. on the activation of non-reserved tertiary reserves on non-CIPU technical units
- 8.6. on the activation of reserved tertiary reserves “standard” and “flex” on CIPU units
- 8.7. on the activation of tertiary reserves “standard” and “flex” reserves on non-CIPU technical units
- (partly) 8.9. on the technical-economical merit order

Secondly, the new design for the mFRR service proposes an evolution to **daily procurement of mFRR capacity**. Consequently, sections of the balancing rules related to the frequency of procurement of mFRR services are updated (section 6.1).

However, as there are not yet validated T&C BSP for the FCR and aFRR Services, the Balancing Rules still contain the above-mentioned topics for those services. The further clean-up of the document will be done together with the proposal of new versions of T&C BSP for the FCR Service and for the aFRR Service.

Therefore, the proposed entry into force of both documents is linked.

3. Other changes

The update of the Balancing Rules provides the opportunity and/or the necessity to make some other changes in line with other evolutions.

- The paragraphs that were added end 2018 regarding the introduction of the **Winter Product** (Slow non-CIPU) have again been deleted. (in sections 8.5., 8.6., 9.1., 9.2., 10.2 , 10.3).
- Changes have been made in coherence with the **new Federal Grid Code** (especially in section 3 including the list of relevant articles that replace the articles referring to the previous Federal Grid Code throughout the document).
- Minor modifications to the Balancing Rules were needed in line with the new proposal for the **tariffs for the period 2020-2023** (in the definition of the tariff proposal and in the abbreviations HUP/LDP replaced by MIP/MDP)
- Also a minor modification is proposed in line with a new implementation framework proposed for **imbalance netting (iGCC)** (in section 7.1).
- In section 6.2. the text is updated to be in line with recent changes in the regional procurement of **FCR**.
- Paragraphs in sections 4 and 10.4 have been deleted as these elements are now covered in the **LFC Block Operational Agreement**.
- Updates in **terminology**
- Update of the chapters on **Transparency** and Monitoring (added references to the Transparency regulation and EBGL and inclusion of paragraph on the impact of congestion activations on the publications on balancing which were previously in section 8.4)

