

Subject: FEBEG comments on CREG's consultation on Strategic Reserves functioning rules  
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Please find hereafter the comments of FEBEG on CREG's consultation on the functioning rules applicable for the Strategic Reserve as from 01.11.2020<sup>1</sup>.

### Specific remark on paragraphs 24–26 of the CREG draft decision

With regards to the CREG assessment on the conformity of the Elia proposal to Art.22(2) of the Regulation (EU)2019/943, FEBEG recognizes that the Regulation (EU)2019/943 contains specific provisions about a Strategic Reserve as an out-of-market mechanism. To ensure that the energy markets – including the balancing market – can remain fully and correctly functioning, the Regulation (EU)2019/943 requires that Strategic Reserve activation can only be considered if market resources – including balancing resources – are at risk of being exhausted. FEBEG supports a correct market functioning with a minimum of external interference and a maximum of free price formation.

However, FEBEG would also like to raise two reservations it has regarding the CREG's comments on the Elia's proposal and the interpretation of Regulation (EU)2019/943:

- Regulation (EU)2019/943 Art.22(2) specifies that Strategic Reserves are to be dispatched “only if the transmission system operators are likely to exhaust their balancing resources [...]”. The wording used by CREG in its Dutch translation (referring to ‘al hun balanceringsmiddelen’) and the subsequent interpretation in both the Dutch and French consultation (referring to ‘alle balanceringsmiddelen’ and ‘toutes les ressources d’équilibrage’) deviates – slightly but importantly – from the wording in the Regulation (EU)2019/943. FEBEG therefore considers that while the Regulation (EU)2019/943 requires some consideration of the use of balancing resources before the dispatch of Strategic Reserve capacity, it does not require the full exhaustion of all balancing resources. It should rather remain within the competences of Elia to assess if the likely exhaustion of balancing resources would start to jeopardize the safe operation of the electricity grid, including its ability to remedy short-term imbalances between load and supply.
- The requirements in Regulation (EU) 2019/943 Art.22(2) regarding the operational dispatch of Strategic Reserves should not be considered as applicable to the ERAA methodology that the Regulation (EU) 2019/943 covers in Art.23. As a Strategic Reserve is an out-of-market mechanism, its operational dispatch should indeed be designed carefully to minimize any interference with the energy markets. The ERAA however is a long-term adequacy assessment tool where balancing capacity should be considered to remain available to remedy short-term imbalances and not be deployed to deal with adequacy issues. In that regard, FEBEG would like to remind of its response to the CREG analysis of the Elia Adequacy and Flexibility Study:

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<sup>1</sup> <https://www.creg.be/fr/consultations-publiques/consultation-publique-relative-au-projet-de-decision-2060-concernant-la>  
<https://www.creg.be/nl/openbare-raadplegingen/openbare-raadpleging-betreffende-ontwerpbeslissing-2060-over-het-voorstel-van>

“Operational reserves should be kept available at all time by the system operators to allow them to operate their transmission grid and to comply with technical and operational requirements. Employing the balancing reserves to address a peak load event would put the entire system at risk as the system operator will no longer be able to remedy continuously occurring imbalances. The balancing reserves are therefore not relevant with regards to security of supply, except if the lack of operational reserves [...] leads to an issue.” FEBEG continues to support in this regard the assessment made by ENTSO-E in Appendix 6 of the “Methodology Proposal in accordance with Article 23 of the Electricity Regulation of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast)”. FEBEG also considers that the Commission Regulation (EU) 2017/1485 (System Operation Guideline) Art.157(4) is very clear in the requirement for Transmission System Operators to maintain sufficient reserve capacity at all times.

FEBEG therefore considers that it is the competence of Elia to assess the likely exhaustion of market resources, including some but not necessarily all balancing capacity (in line with the Regulation (EU)2019/943). This allows to attain the objective of (i) avoiding premature or unnecessary market interference without (ii) creating a risk to Security of Supply by deploying balancing capacity to maintain adequacy, leaving Elia without resources to guarantee (near) real-time system security.

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