26 MARCH 2020

Informative document in support of the public consultation on the proposal of the Rules for the compensation of the quarter-hourly imbalances (Balancing Rules)

Content

Practical information

Elia has launched a public consultation regarding the Balancing Rules. The document submitted for consultation is published on the Elia website.

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 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”). Comments concerning items outside the scope of the Balancing Rules will not be considered by Elia.

The market parties can submit their responses via the online form on the Elia website, from 26th March to 24th of April 2020 included.

Following the consultation Elia will submit all stakeholders’ responses to the CREG together with the document proposed for regulatory approval, the consultation report, and this supporting document. Consequently, all non-confidential responses will be made public on Elia's website, with an explanation of how Elia responded to these remarks or the reasons why they were not considered. Elia will respect the request for confidentiality and/or anonymity of respondents.

Questions relative to this consultation can be sent to the following email address: **consultations@elia.be**.

Introduction

Pursuant to article 200 of the 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 February 3, 2020. As Elia is preparing the implementation of a new design for FCR and aFRR services that are expected to start applying on the 1st of July 2020, Elia must submit new proposals for related documents:

- Terms and Conditions for Balancing Service Providers for Frequency Containment Reserve (“**T&C BSP FCR**”)
- Terms and Conditions for Balancing Service Providers for automatic Frequency Restoration Reserve (“**T&C BSP aFRR**”)
- Balancing Rules

Elia has foreseen a fall-back in case only the T&C BSP FCR would enter into force on the 1st of July 2020 (meaning that the go-live of the new aFRR design would be delayed). The General Framework Agreement (GFA) for aFRR would then still be applicable and Elia would have to submit for approval new proposals for the following documents only:

- T&C BSP FCR
- Fall-back version of the Balancing Rules

More details on this approach is given in section 5.

1. Main changes compared to the current version of the Balancing Rules

The current version of the Balancing Rules entered into force on 3rd February 2020. On the 1st of July 2020 a new design for the FCR and aFRR services should be implemented. On the same date, the regulated T&C BSP FCR and T&C BSP aFRR would replace the non-regulated GFA that currently exist for the FCR and aFRR. Elia will then have regulated T&C BSP for all balancing products. In order to avoid an overlap between the T&C BSP FCR and T&C BSP aFRR and the Balancing Rules, Elia proposes a new version of the Balancing Rules removing all sections on the product design of FCR and aFRR. Therefore, Elia proposes a complete review of the structure of the Balancing Rules in function of the regulated T&C BSP and a full update of terminology, aligned with these T&C BSP. The table below presents the general structure of the Balancing Rules and a (mapping) with the previous version.

Proposal for Balancing Rules for version July 2020	Balancing Rules version February 2020
Title 1: General provisions	Chapter 2, chapter 3, chapter 4
Title 2: Balancing Resources	Chapter 5, Chapter 6, chapter 7, chapter 8
Title 3: The use of the balancing resources to maintain the balance of the Elia LFC Block	Chapter 8
Title 4: The impact of the use of the balancing resources on the imbalance tariffs	Chapter 9
Title 5: Publication of information	Chapter 9
Title 6: Reporting and monitoring	Chapter 10
Title 7: Final Provisions	/

Figure 1: *General structure of Balancing Rules and comparison with the previous version*

2. Changes in coherence with T&C BSP FCR and T&C BSP aFRR

Given the current changes proposed to the T&C BSP FCR and T&C BSP aFRR, the Balancing Rules must be adapted coherently.

Firstly, many paragraphs are deleted as the related design aspects are now included in the T&C BSP FCR and T&C BSP aFRR. It concerns the following subjects for both FCR and aFRR:

- Procurement of balancing capacity
- Secondary market
- Submission of energy bids
- Remuneration of capacity bids
- Remuneration of energy bids
- Control and penalties

The new design for the aFRR services will have a merit order activation of the aFRR energy bids instead of a pro-rata activation as applied today. The sections related to the selection and activation of the aFRR energy bids are updated accordingly (Title 3).

3. Other changes

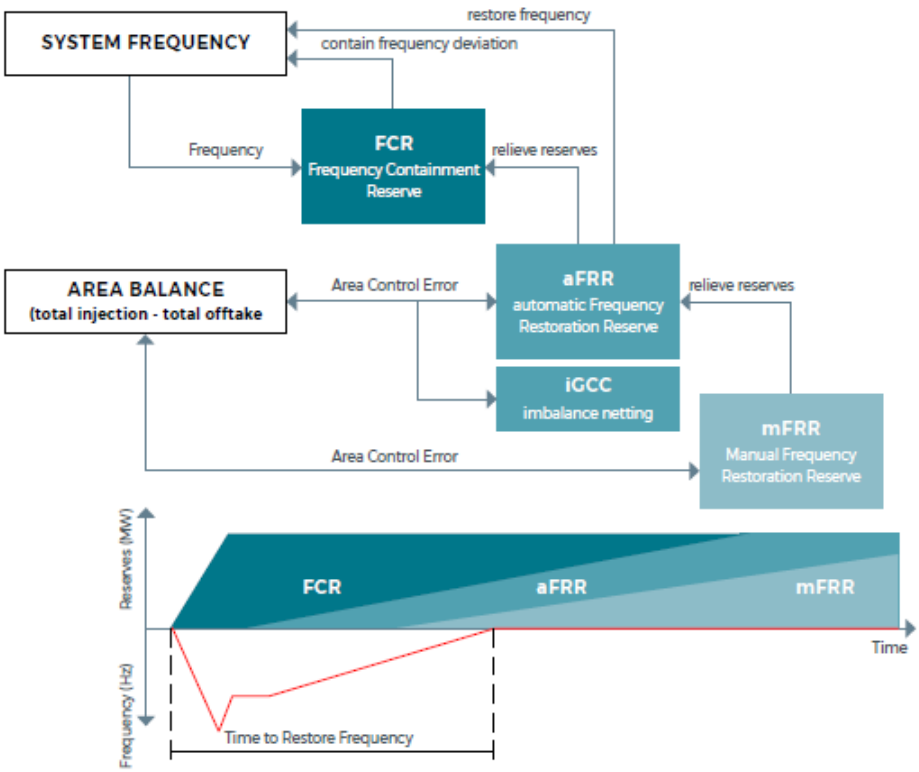
The update and restructuring of the Balancing Rules provides the opportunity and/or the necessity to make other changes in line with other evolutions:

- Addition of the definition of the System Imbalance in the framework of the new proposal for the tariffs for the period 2020-2023.
- Update of the chapter on the Publication of information, in line with article 12 of EBGL and article 17 of the Transparency Regulation.
- Update of the following topics:
    - Imbalance netting
    - mFRR sharing agreements

4. Timeline of activations

Typically, the sequence of the balancing processes is presented as follows. A system imbalance results in a frequency deviation from the set point of 50 Hz which impacts the entire synchronous area. In first instance, FCR must restore the balance and is used to stabilise the frequency. Both aFRR and mFRR are used to free up the FCR of the synchronous area and to ensure that the frequency is restored to 50Hz. Before activating aFRR, the aFRR demand is first netted between LFC Blocks (i.e. the imbalance netting). In a second step, aFRR (contracted and non-contracted) is activated automatically by Elia for the residual imbalances. In case of long-lasting and/or large system imbalances, mFRR is activated manually.

In case of a major incident (e.g. the forced outage of a large generation unit) the TSO may activate mFRR to compensate the (large) System Imbalance. Or in case aFRR has been activated for a longer-lasting period, the TSO may activate mFRR to relieve aFRR. The activation of FCR and aFRR may then be seen as a mean to stabilise and restore the frequency, “bridging the gap” until the requested mFRR is fully delivered. Once mFRR is being fully delivered, FCR and aFRR are relieved and therefore again available to respond to new incidents.
The process described above is presented in the figure[1] below.



[1] **Adequacy and flexibility study for Belgium 2020-2030**

5. Fall-back version of the Balancing Rules

Elia also consults on an alternative version of the Balancing Rules that would apply as a fall-back in case only the T&C BSP FCR enter into force on the 1st of July 2020 and the implementation of the new design for aFRR is delayed (meaning that the GFA for aFRR remains applicable on that moment).

Elia has used the new proposal for the Balancing Rules as starting point for the alternative version (i.e. the same structure and terminology is used), but reintroduced in it the provisions of the current version of the Balancing Rules regarding the aFRR services (see section highlighted in yellow).

Elia System Operator SA/NV
Boulevard de l'Empereur 20 | Keizerslaan 20 | 1000 Brussels | Belgium