

Febeliec answer to the CREG public consultation (PRD)658E/52 on the proposal of decision concerning the objectives for Elia in 2019 in the framework of the discretionary incentives of the CREG

Febeliec would like to thank the CREG for this public consultation (PRD)658E/52 on the proposal of decision concerning the objectives for Elia in 2019 in the framework of the discretionary incentives of the CREG.

Concerning incentive schemes for Elia, Febeliec would like to reiterate its position that in principle it is not in favour of such schemes, but that from a pragmatic point of view and in light of the results of the previous years, it can accept such incentive schemes insofar the goals are clearly measurable, have as goal to increase the efficiency and reduce the total system costs, and do not fall under the normal day-to-day activities of the TSO. Moreover, for Febeliec it is very important that under any such incentive schemes the CREG is very strict in controlling that the objectives are completely attained within the requested timeframe. Concerning this latter point, Febeliec would like to draw the attention of the CREG towards the issue that could arise when Elia does not reach the objective within the required timeframe. This could lead to a situation where Elia does not provide any attention anymore to the objective, as the incentive would in any case be unattainable. Febeliec wonders whether CREG has considered this and has a solution in place in case this situation occurs, in order to avoid that certain objectives that were selected but not attained in time would not be attained at all.

Moreover, Febeliec would like to ask CREG to publish a clear report on the incentive schemes of the previous year(s), showing to which extent Elia has reached its objectives and which incentives were awarded, as such transparency would help stakeholders to get a better view on the past evolutions, but also on which objectives should be included in following years.

Concerning the incentives for 2019, Febeliec has following comments:

1. Febeliec is pleased to see that CREG has included the study of the implementation of ToE on DA and ID markets. For Febeliec it is important to develop demand side response in all timeframes and by conducting this study already in 2019 (as opposed to the originally proposed timing by Elia), the issues to tackle (e.g. taking into account that no longer mutual exclusivity of products can be applied, as is currently the case for participation to balancing products and strategic reserve) will much earlier crystallize, thus allowing for discussions on a potential design for ToE in these timeframes as well as faster future implementation. On the second part of the incentive, Febeliec would maybe rather replace this by an analysis of those markets and timeframes where ToE is or will be implemented, to take on board lessons learned, in order to avoid future issues and over-complex solutions. For Febeliec, the main goal is allowing valorisation of all sources of flexibility in the energy markets. For Febeliec, the implementation of ToE in DA and ID timeframes is subsequent to the outcome of the proposed study and the abovementioned analysis.
2. Concerning scarcity pricing, Febeliec is still not convinced of the pertinence of implementing scarcity pricing in the Belgian market, as it is not convinced this will solve the problems it is supposed to solve. Moreover, Febeliec does not understand the proposed incentive by the CREG. Does the CREG want to ask Elia to develop an entire model on scarcity pricing and use this model to simulate the potential impact on Belgian prices? In any case, a D+1 price adder publication when implemented would be unacceptable, as all parties acquiring power on the wholesale markets or linked to wholesale prices would not know their all-in power price (including the adder) until the day after. As the adder could become quite high under certain circumstances, such approach is not acceptable, as market parties should be able to bid their demand curves according to the complete (wholesale) price.
3. Concerning point 4.1.3 and point 4.1.4, for Febeliec, this resorts under the normal day-to-day activities of a TSO. Moreover, Febeliec wonders how difficult it would be for Elia to implement the publication of the imbalance price in real-time, and thus whether this would not constitute a free lunch for Elia. Moreover, Febeliec wonders how CREG defines "real-time", as minute value publication is already planned by Elia in any case by 2020 within the framework of its developments of aFRR and mFRR. Last but not least, Febeliec has understood that in order to attain this objective, there would be a substantial cost for Elia, including installing additional hardware (depending on the definition and granularity of real-time), which would be reflected in an increase of the total system cost for the grid users (mainly consumers), while the added value for the BRPs (who do not pay for the grid), and thus a potential decrease of the total system cost, is unclear. A CBA should

- maybe be conducted in order to define whether such real-time publication represents a real added value if all costs are taken into account and effectively would lower the overall system cost. As a result, Febeliec is not convinced this incentive should be retained for 2019, but rather would ask for such an analysis. On the publication of real-time prices, Febeliec does not know to which extent the proposed objective of CREG is in line with on-going projects from Elia and only hopes that the potential impact of this incentive on on-going projects would not lead to a higher cost for consumers by moving forward anticipated developments to 2019.
4. On the incentive related to the improvement of transparency with respect to identifying and managing congestions, Febeliec is in principal not opposed to increased transparency. However, Febeliec has a number of questions related to this incentive, as it is unclear which data and KPIs should be provided. Moreover, it is unclear to whom such data and KPIs need to be exchanged and reported. Does the CREG refer here to itself or also to other actors, and if so, which actors. With respect to the point on monitoring of redispatch, Febeliec supports the CREG as increased transparency would be welcome. Febeliec wonders whether this information will also be communicated, discretely or aggregated, to all stakeholders.