

Febeliec answer to the CREG consultation on the project of decision (B)658E/63 on the objectives for Elia in 2020 in the framework of the incentive for system balance

Febeliec would like to thank CREG for this consultation on the project of decision (B)658E/63 on the objectives for Elia in 2020 in the framework of the incentive for system balance.

In general and as already voiced in previous consultations on these incentives, Febeliec regrets that all seven proposed objectives are only studies, and that no concrete tangible objectives are taken into account that would more directly benefit the grid users, such as the implementation of Transfer of Energy in the Intraday and Day-ahead timeframes or the improvement of the functioning of the Users' Group and its underlying working groups, for example with respect to timely planning, sharing the agenda and providing the presentations and minutes of meeting to stakeholders.

On the proposed objectives, Febeliec has following comments:

0. In general, Febeliec would like CREG to list clearly which deliverables are expected in order for Elia to comply with the objective and obtain (partially) the incentive
1. On pay-as-bid vs pay-as-cleared in the remuneration of aFRR and mFRR reserves, Febeliec supports the addition of the CREG to make a clear CBA, in order to see if and to which extent Belgian consumers would benefit from any evolution away from the current practice. Febeliec also would urge to include a sensitivity analysis in such CBA, as this will bring valuable information to the discussion on any decision.
2. On the objective of the *abolition or reduction* of the day-ahead balancing responsibility of BRPs, Febeliec insists that the description of this objective is at least renamed in order to make clear that it concerns a "study to evaluate the advantages and disadvantages" of such evolution and as before Febeliec urges for a clear CBA. Moreover, Febeliec wants to voice its utmost concern with the proposal of any such evolution, as this goes against one of the fundamentals of the energy market as it is implemented today. Febeliec has and will continue to plead towards a *strengthening* of the balancing responsibility of BRPs rather than any reduction. Febeliec would thus like Elia to conduct additionally an analysis on possibilities to strengthen the responsibility of the BRP, such as for example the reintroduction of a tariff related to the (non)respect of the day-ahead nominations.
3. On smart testing for the availability of reserves, Febeliec welcomes any initiative to improve this aspect, especially as testing induces costs to providers of balancing reserves, which they will incorporate in their offers. This in turn drive up costs for consumers, hence any improvement in this field is welcome, yet Febeliec wonders whether this is not part of the normal activities of the TSO and as such should not be included as an objective. Moreover, the proposal includes only a study, without any implementation plan in case the analysis would lead to a positive outcome.
4. On the dimensioning of the needs for aFRR, Febeliec strongly wonder whether this is not a core task of the TSO, in application of SOGL, and as such should not be subject to any inactive scheme. If the latter would be considered not the case, Febeliec does not opposes as such a study on the advantages and disadvantages nor the development of a proof of concept, but wonders whether a implementation planning should be added to the incentive and remunerated additionally.
5. On the deterministic frequency deviations, Febeliec urges strongly to conduct a full CBA, clearly indicating the involved costs and benefits of all proposed alternative scenarios, from the perspective of the TSOs (Elia versus other TSOs) as well as for the grid users (what will they get and at which cost).
6. On the techno-economic impact study for the integration of 4GW of offshore wind, Febeliec can accept such study insofar it also clearly entails a full CBA with a split of costs and benefits over all the involved parties under the different scenarios.
7. On the objective concerning scarcity pricing, Febeliec will not oppose a critical analysis of the study conducted by the UCL, as it is essential to get a thorough analysis of all the potential positive and negative impacts of any potential future introduction of such mechanism in Belgium in a full-fledged CBA, especially in a highly interconnected and evermore integrated market context. However, Febeliec proposes to remove the clause stating that alternatives can only be proposed "without modifying the initial proposal", as this would nullify the value of the analysis and greatly limit the scope of potential alternatives and improvements. Moreover, Febeliec is not convinced and at this point sees insufficient elements for the addition of a detailed design for an implementation of the proposed design by the UCL, as such step greatly nullifies the use of the analysis. Only in case such analysis would create a robust positive outcome for Belgium under all scenarios would it be

warranted to consider an implementation. By including this already in this incentive, before knowing the outcome of the analysis, might lead to unnecessary costs for the TSO and an unnecessary cost thus for the grid users. Febeliec urges here a clear stepwise approach. Nevertheless, if this second element of the incentive would be maintained, Febeliec insists that the detailed design proposal will be jointly put together by CORE and Elia and in collaboration and discussion with the stakeholders, for example the Advisory Council of the CREG.

In light of the comments above on the proposed objectives as well as the additional or alternative objectives proposed by Febeliec, it would of course be necessary to recalibrate the amount of each of the incentives accordingly, in order to reflect both their priority and involved workload as well as the positive contribution to the reduction of the overall system cost.