

Febeliec answer to the Elia consultation on the Terms and Conditions for balancing service providers for Frequency Containment Reserve

Febeliec would like to thank Elia for this consultation on the Terms and Conditions for balancing service providers for Frequency Containment Reserve. Febeliec would like to start by referring to all its contributions during the discussions in the Work Group Balancing and expert groups as well as during all the consultations in the previous years on the FCR design.

Specific comments to the Terms and Conditions

- In the whereas, DSOs are mentioned several times. It would be good to clarify explicitly whether or not CDSOs are also to be considered as DSOs, as could be inferred from the European legislation referred to. In whereas (9), Febeliec notices a reference to the rules for suspension and restoration of market activities and wonders whether these have already been approved in the Belgian context. In whereas (16), Febeliec also notices that in case of differences and/or contradictions between the balancing rules and the T&C BSP FCR, the latter shall prevail. However, Febeliec is surprised that in such case a contract would have prevalence over the general balancing rules. Moreover, Febeliec hopes that the utmost care is taken to ensure that both documents are aligned in order to avoid any doubt or conflict.
- On the General Conditions, Febeliec refers to its comments on the consultation on these general conditions by Elia. In the framework of FCR and balancing in more general, Febeliec takes note of the liability cap of €12,5 million per year and per party, which seems high but in light of the possible €13.500/MWh for imbalances (and even possible higher caps in the future, as currently being discussed), this might not prove sufficient and could leave the consumers exposed to large excess liabilities. Febeliec would like to ask Elia and CREG to justify the proposed amount, but also to indicate which procedure will be used to revise this cap in the future in light of any evolutions.
- On point II.4, Febeliec does not agree with the impossibility to combine delivery of FCR with aFRR and/or mFRR from a same delivery point unless it has the same BSP and requests to review this approach and release this constraint. Febeliec does also not agree on the exclusivity of participation to balancing and strategic reserve, especially in the framework of FCR which is a totally different product than aFRR and mFRR. Febeliec also does not understand the need for the limitation of combinability with any other balancing service if “any other delivery point, upstream or downstream of the delivery point supplying FCR service” (unless for mFRR if the same BSP is used, which according to Febeliec is a too stringent requirement, as mentioned above), especially again for the FCR product, as this might impose too stringent and undue limitations which can hamper participation and thus liquidity and in fine increase the cost for consumers, while the FCR product is inherently a different product than aFRR and mFRR. Febeliec proposes Elia to reformulate this point in case there would be a valid reason for introducing this limitation and provide a clear justification for it. In any case, Febeliec strongly wants to avoid that this point would hamper the functioning of industrial sites or CDSs and the free choice of supplier/BRP/BSP/...
- Febeliec supports point II.7.7 in case of observation of a bidding behaviour that might prejudice market rules and/or fair competition.
- On point II.10, Febeliec does not have any direct comments, but wonders how the service requirements are to be defined and fulfilled without knowledge of the elements described in both footnotes, especially as such decisions could come at any future point in time and could thus suddenly modify the requirements of an on-going contract.
- On point II.18, Febeliec takes note that this BSP contract will terminate on 31/12/2021 and wonders why this fixed deadline is introduced and which contract will be applicable after this period.
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- On annexe 13 and the penalty regime, Febeliec appreciates that the proposed approach by Elia applies a penalty factor which increasingly penalizes but thus avoids that the proposed penalty is too penalizing and would create a barrier for entry for new entrants. Febeliec nevertheless urges Elia and CREG to follow whether the proposed penalty scheme maintains the right balance and does not lead to unwanted perverse effects that could drive up the cost for consumers.