

Febeliec answer to the Elia consultation on the Balancing Rules

Febeliec would like to thank Elia for this consultation on the Balancing Rules, with a fallback version in case the new Terms and Conditions aFRR would not enter into force as of 01/07/2020.

Febeliec considers the balancing rules to be quite clear and complete and has only a small number of comments and questions. The comments relate mostly to both versions simultaneously, unless a section is not included in the fallback version. All references such as article numbers, unless explicitly mentioned differently, relate to the primary version of the Balancing Rules.

With respect to article 8, Febeliec regrets that Elia has not included other units with technical limitations other than CIPU-units. Febeliec reiterates its comment that it considers it unwise to not include the slow-start non-CIPU product that had been developed for winter 2018-2019, as it removes an additional source of flexibility from the Elia arsenal while at the same time, and even maybe more impactful, reduces the believe from owners of other sources of flexibility to be treated equally. Indeed, by limiting this product to only generation units with a CIPU contract, the level playing field between technologies is not respected, to the potential detriment of the cost for consumers.

With respect to article 18, Febeliec does not understand following sentence: *“whenever the price of an energy bid for activation in the upward (respectively downward) direction reaches or exceeds 100% of the maximum price (respectively, reaches or is inferior to 100% of the minimum price), Elia sends ...”*, as it seems impossible that the price of an energy bid could exceed (be inferior) a predefined imposed maximum (minimum) price. Febeliec wonders whether this should not be X% (with $X < 100$, e.g. 60 as for the market price cap in the day-ahead market), after which a report is send to the regulator in order to evaluate whether the price cap should not be adjusted in order to avoid interfering with correct market behaviour (e.g. high prices when markets are tight as compared to undue high prices through market power abuse).

With respect to article 20, Febeliec has always been in favour of transparency, yet in light of certain recent price evolutions in the mFRR market, wonders whether the currently applied transparency in almost real-time does not lead to adverse effects with actors not bidding in correct price levels but rather applying (undue) opportunity pricing, thus increasing the cost for consumers without reflecting any underlying real market fundamentals. Febeliec strongly believes that transparency is not a goal in itself, but an element toward the goal of better market functioning and while transparency is important for all market parties, it has to be handled in such a way that it does not impede correct bidding behaviour and thus market functioning.