

Febeliec answer to the Elia consultation on the methodology for the dimensioning of the aFRR needs

Febeliec would like to thank Elia for this consultation on the methodology for the dimensioning of the aFRR needs. For Febeliec, dimensioning of balancing needs is a very important topic, because it ensures the security of the system by covering the residual system imbalances, but also because the cost for the reservation of balancing reserves is paid for by consumers, with the cost for aFRR being quite substantial. Febeliec also wants to stress that Elia is only responsible for the residual imbalance of the system, while BRPs need to guarantee balanced positions at every moment, also within the very short timeframe of FCR and aFRR. Febeliec thus encourages Elia to continue its work on providing correct balancing market price signals and thus incentives for BRPs to ensure balanced positions, in order to limit the volume of balancing reserves that need to be contracted by Elia. Febeliec also insists that Elia also takes into account the many steps that have been and will be taken towards this goal in the past and the future, to ensure that the calibration of balancing needs is not overdimensioned, to the detriment of cost for consumers.

Concerning the consultation at hand, Febeliec is interested to see what will be the outcome of the proof of concept that will be launched after this public consultation and reserves itself the right to come with additional comments on the proposed methodology when those results become available, as for many aspects it is now still unclear what the concrete impact will/could be in the calculations themselves (as they are a black box to all parties except Elia who is conducting the calculations).

As stated above, Febeliec supports the points in section 1.1 of the document, especially related to the residual imbalances and the strengthening of the market signal. However, Febeliec would like to express its utmost caution towards the possibility of eliminating or relaxing the obligation for BRPs to nominate a balanced portfolio in day-ahead. Febeliec will come back on this in the framework of the related consultation in Q3 or Q4 2020, but wants to stress in the strongest possible way that the balancing obligation of BRPs is the cornerstone of the current electricity market model and as such it seems at this point very imprudent to relax this obligation.

Febeliec also wants to stress (section 1.3) that Elia indicates that *“it is found that long-term aFRR projections might have been too conservative in terms of impact of renewable generation prediction errors on the LFC block imbalance variations”* and urges thus extreme caution towards overdimensioning balancing needs, as this comes at a substantial extra cost for consumers. The same can be said about section 2.1.1 where Elia states that *“section B-6-2-2-1-5 of the SAFA, although this part is not approved by NRAs, provides some additional guidance”*, towards which Febeliec wants to urge not to be unduly conservative and thus overdimension the needs, without regulatory approval even for such approach. Febeliec strongly supports the conclusion of section 2.1.1, where Elia states clearly that *“due to the absence of clear legal requirements on aFRR dimensioning, the proposed dimensioning methodology and proposed reliability level shall need to find a trade-off between meeting such minimum thresholds (and avoid over-procurement in general) and meeting their responsibility to cover their FRCE as good as possible and contribute to the European frequency stability”*.

On section 1.4, Febeliec hopes that the new aFRR product design will have a positive impact on the dimensioning of aFRR needs, as the dimensioning will be done closer to real time and should thus avoid reserving unneeded yet expensive aFRR means. Towards the second wave of offshore wind power, Febeliec wants to stress that while the discussions are still on-going on the impact, it is very important to keep in mind that Elia is only responsible for the residual imbalance and that the BRPs themselves should ensure that they are able to cover the intermittent generation they take into their portfolio, by contracting sufficient flexibility themselves and not pushing their responsibility towards the TSO and society, which could be seen as privatising profits and socialising costs.

On the balancing energy platforms such as iGCC and PICASSO (and MARI and others outside of the aFRR framework), Febeliec is convinced that these deliver a substantial contribution in the everyday balancing of the Belgian LFC block and as such should be taken into account in the dimensioning exercise, even though their availability is not contractually guaranteed (yet substantial volumes are contracted at a much lower cost), especially taking into account all other market evolutions in the aFRR framework, in particular the closer to real-time procurement and asymmetric dimensioning. Febeliec also wants to reiterate its comment on the responsibility of BRPs to be in balance, for which existing incentives exist but also additional incentives can be created in order to give the correct signals to the markets

and the BRPs. On iGCC Febeliec also wants to react to section 3.1.3 as for Febeliec it is important that all cross-border capacity is recalculated in each timeframe taking into account the most recent available information, which should result in more capacity made available to the markets in timeframes closer to real-time as uncertainties should diminish, but which should also result in more cross-border capacity being available for TSOs in the balancing timeframe.

On section 2.2.1, Febeliec only wants to comment on the dimensioning process based on upscaling of historic imbalances and whether results from the past are relevant for the future as well as that basic upscaling will reflect the intricate changes to the system, in particular all the design modifications.

On section 2.2.2, Febeliec thinks that the first paragraph wrongly states Denmark as a neighbouring country of Belgium and presumes Germany is intended, unless Elia were to be planning an interconnector with Denmark in the near future?