federation of belgian industrial energy consumers

Febeliec answer to the CREG public consultation (PRD)2106 on the modification of the market coupling in CWE following the introduction of ALEGRO

Febeliec would like to thank the CREG for this public consultation (PRD)2106 on the request for approval of Elia for the modification of the market coupling in the CWE Region following the introduction of a border between the German and Belgian bidding zones following the entry into operation of the ALEGRO DC-link and modifications following the entry into force or Regulation (EU)2019/943.

In general, Febeliec follows the decision and points put forward by the CREG. Febeliec nevertheless would make some comments. One of the main comments relates to the countless delays in the market coupling that are requested by TSOs. The Electricity Target Model should have been completed by 2014, yet it is still not fully in place. Febeliec cannot accept that TSOs continuously request approval for additional delays, but it becomes even worse when TSOs e.g. in 2018 communicate that the foreseen go-live of CWE FB IDCC is to be postponed from 01/10/2018 to mid-2019, after which in April 2019 the TSOs indicate to halt the development of CWE FB IDCC, leaving the market coupling and the market stakeholders still with only an increase/decrease process which is non-automatic and largely depends on the goodwill of TSOs to request additional ID capacity and even more depends on the goodwill of other TSOs to grant such request. For Febeliec, such approach, while pragmatically better than nothing, is largely insufficient, especially taking into account that a full-fledged solution should have been introduced mid 2019. Febeliec regrets that TSOs [and exchanges] do not seem to have clear focus nor be very ambitious in realising the required elements for European market integration and thus asks that CREG and other regulators take a much more strict positioning towards the requests for yet again extensions on timing or reduction of scope of solutions.

On the day-ahead flow-based market coupling, Febeliec insists that the proposed modifications respect at all time the stipulations of the Clean Energy Package, a.o. the minimum 70%minRAM, while also ensuring that even with the numerous derogations and action plans regulators and TSOs strive to reach this minimum target as soon as possible, without in any case going below the 20%minRAM that is currently already applied in CWE. On the introduction of ALEGRO, Febeliec insists that this very expensive interconnector that has been paid by grid users is used to the maximum extent possible to create social welfare. Febeliec understands from the document that this would entail a move from flow-based intuitive to flow-based plain. Febeliec can accept this under the premise that the future situation under FBP should not lead to a worse situation than FBI. On the SPAIC analyses, Febeliec urges the regulator(s) caution, as parallel runs in the past have shown that the results are not always representative as the final outcome after introduction did not live up to the expectations of market parties. Even when due to other elements, it is important that the regulator(s) ensure that expectations are met and that all relevant elements are correctly taken into account.

On the intraday market coupling, Febeliec refers to its higher comment and regrets that it is still apparently not possible to by default apply a standardised protocol for calculation of ID capacity in order to ensure that the reduction of uncertainty as time progresses is taken into account in cross-border capacity calculation in order to lead to higher ID capacity. As stated above, the current increase/decrease process might pragmatically be an improvement, yet is still far away from a stable and automatic mechanism, and also lacks transparency. Febeliec supports that the CREG does not approve the proposal, and while it can support the CREG's position that it can allow the proposal as it does not lead to a deterioration of the current process, Febeliec insists that the regulator(s) strongly urge TSOs to provide a better solution.

On the calculation of congestion income, Febeliec has no fundamental additional comments than those already voiced in the past. As such, Febeliec reiterates that it can not at all support the 4,9GW of long term rights that are automatically granted on the German-Austrian border, as this disproportional allocation of long term capacity rights to this border compared to other borders leads to an unacceptable situation as it deteriorates the situation of all other bidding zones. Febeliec urges the regulator(s) to come up with a better methodology for calculating the long term capacity on the German-Austrian border or find a different solution towards congestion income allocation, as the positive effect on he congestion income on this border due to a unilateral decision of two member states comes at the cost of a.o. Belgian consumers, which is unacceptable to Febeliec.

On the proposed modifications regarding transparency, Febeliec has no additional comments.

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