Febeliec answer to the Elia design note on Transfer of Energy in DA and ID markets

Febeliec would like to thank Elia for its design note on Transfer of Energy in DA and ID markets. Febeliec appreciates that Elia has put together an extensive design note covering all the aspects for ToE in DA/ID. Febeliec has a range of comments and questions based on the design note. Moreover, Febeliec would like to point out that ToE in DA/ID is important to ensure that all market parties, in particular consumers, are able to capture as much value from market participation as possible. This implies that the success of ToE in DA/ID does not necessarily lie in the market volume that is applying this ToE solution, but rather in the better bargaining position that it gives consumers in order to be able to valorise their flexibility[1].

On the design note itself, Febeliec takes note that the distribution system operator is referred to specifically in the definitions, but not the CDSO. Under European legislation (Electricity Directive), every CDSO is a DSO and thus it should clarified what the status if of a CDS and CDSO as well as specify more explicitly throughout the document which rules apply to CDSOs (and also which different rules would apply).

On point 2.3, where is stated that the ToE regime is (only) applicable for an activation of demand-side flexibility for a delivery points on medium or high voltage with a positive net offtake on an annual basis, Febeliec does not agree. This scope should be extended to all delivery points, not only medium or high voltage and with a net offtake on an annual basis. As this criterion could exclude market parties from valorising their flexibility in DA/ID markets, it should be removed to avoid discrimination. Febeliec also notices that for the opt-out arrangement, Elia mentions "*with a net annual offtake* ***on an annual basis common to their portfolios***" and wonders how the latter part should be interpreted (also in relation to a CDS).

On the stipulation that per delivery point, there can be maximum one FSP, Febeliec strongly disagrees. This would imply that any market party for each delivery point for both the balancing timeframe and its products as well as the DA and ID markets would have to take the same FSP, which would limit their capability to maximize the valorisation of their flexibility and might even lead to lock-in effects and potential creation of dominant market positions. At the same time, it would make it impossible for a grid user to work with an external FSP for one timeframe, but be its own FSP for another timeframe. While Febeliec understands that allowing multiple FSPs to act per delivery point might construe an additional complexity and might require additional developments, Febeliec cannot accept this limitation. At the very least, it should be included that within the shortest possible timeframe Elia and all other concerned parties shall make the needed developments to allow the full unlocking of flexibility, if this would not be the case from the start of the roll-out of ToE in DA/ID. Febeliec appreciates that a contractual combo between DA/ID flexibility service and other services will be enabled, but where this might provide already some flexibility, it does not solve the abovementioned risk of lock-in effects and would be at best a partial solution for certain actors and/or situations. Moreover, Febeliec also most strongly urges Elia and CREG to remove the exclusion of simultaneous

[1] Similar to the value of the Bidladder of Elia, where the value for Febeliec is not measured by the volume traded over the bidladder but by the positive impact on market functioning.

participation to SDR and balancing services, as it would be strange that delivery points could participate to DA/ID and balancing, but not to any combination with SDR (and even more strange not to a combination of DA/ID and SDR, which would exclude delivery points completely from the market, which would be an aberration as price formation is done on those markets). Febeliec also opposes the proposed exclusion for a given quarter hour of simultaneous participation to balancing and DA/ID markets, as this severely limits the valorisation of flexibility. The proposed penalty (exclusion for one month from the DA/ID flexibility service or even 4 months if another occurrence within 6 months of the first occurrence) seems extremely punitive for Febeliec and is as such not acceptable as this could strongly jeopardize market participation of delivery points, especially as all actors will also have to undergo a learning curve. The same applies to the additional rules regarding FSP notification (point 4.3.4) where the penalties are also extremely harsh (e.g. exclusion for 30 days or 90 days and a new communication test, with the latter not being sufficient if successful; Febeliec would insist that a new and passed communication test should result in readmittance of the concerned delivery point, as technical or IT failures out of the hands of the concerned actor may lie at the basis), taking into account that actors will have to undergo a learning curve. Febeliec insists that at least a grace period for any new participant is included, in order to avoid discouraging new actors due to beginner's mistakes, as is also applied in other penalty schemes by Elia.

Febeliec has also noted that Elia refers to DA/ID flexibility aggregation with mFRR and SDR product activations and would like to add aFRR, even if not yet covered by ToE. Febeliec considers it best to ensure that the design note is future proof and that any implementation includes scalability to other products.