

Febeliec answer to the Elia report on Deterministic Frequency Deviations

Febeliec would like to thank Elia for this consultation on the report on Deterministic Frequency Deviations (DFDs) on lowering the contribution of the Belgian Control Block.

Febeliec understands from the report that the TSOs in continental Europe are observing increasing DFDs, which could create a number of issues and risks for the grids. Febeliec also understands that TSOs are proposing to agree on stricter quality criteria for each TSO in order to minimise the occurrence and impact of these DFDs. Febeliec supports such endeavours, as it is important that the security and integrity of the grid are maintained. However, as Febeliec is representing consumers who have to pay for most of the costs of the grids (a.o. the cost for FCR, but presumably also some of the proposed solutions), it strongly wants to emphasize that it can under no condition be the purpose to impose overly strict additional (costly) criteria to all grid users. Any possible solution that will be chosen and implemented must maintain a very strict balance between the cure and the cost of the cure for DFDs and should lay the responsibility at those parties that should maintain balance (the BRPs) with the TSOs only responsible for residual imbalances (also at the moments where increasing DFDs can be observed now).

On the proposed solution of moving towards a 15-minute Market Time Unit (MTU) in a stepwise manner, Febeliec has not strongly pronounced position. However, Febeliec insists that while it might be worthwhile to investigate such course of action and maybe even implement it in the future, TSOs have to ensure that market actors such as industrial consumers are allowed operational flexibility to ensure that they can continue to conduct their current operational systems (e.g. allowing for standing nominations) in order not to create a too high burden for (smaller or less engaged) market actors for participating in the markets.

Febeliec can also support the discussions with owners of fast acting units (Elia mentions production, but for Febeliec this notion should be technology neutral as also storage or demand response could fulfil this task, as can be seen in the FCR product). On the activation of mFRR and/or tuning of LFC output on the basis of system imbalance prediction algorithms, Febeliec is not in principal opposed. However, it is very important to investigate the cost (and to whom this will be charged and how) as well as the impact on the overall balancing needs, as TSOs are only responsible for residual imbalances and should not cover all imbalances, also not all DFD when these are caused by actions from BRPs. It should be ensured that the BRPs are made responsible and accountable for these deviations, in order to give them a clear incentive to minimize them (and the related costs). Thus shifting the solution towards activation of mFRR or similar solutions might not give the best incentive.

On the note itself, Febeliec has following observations, remarks and questions:

- Febeliec notices that Elia mentions that the fastest variations on DFDs occur at 22:00 each day. Febeliec wonders whether this is not the result of decisions of (distribution) network operators to switch to a night tariff at 22:00 in many regions, which results in a surge of consumption at exactly that timestamp. Better coordination between network operators but also the roll-out of smart meters, which would shift (part of) the consumption to moments with more generation and lower prices, should be able to (at least) alleviate this impact.
- Febeliec also wants to point out that DFDs due to a.o. the tie-line measurement error in the AGC controller of Tennet DE or the DFD occurring due to some irregularities conducted by network operators in parts of Europe are the result of elements that are clearly and undeniably within the grasp of the network operators and should be solved by a better and stricter management by network operators and control by regulators or other competent authorities, and should not be considered in the same way in the discussion on DFDs.
- Febeliec was also surprised to see that Elia states that if DFDs would not be solved at a European level, this could lead to a more regular occurrence of load shedding. Febeliec wants to understand whether load shedding should be understood as (involuntary) curtailment of consumers by a TSO (which to Febeliec's knowledge is extremely rare to almost non-existing), as compared to voluntary (and remunerated) demand side response, which could be part of the solution. Febeliec is also extremely surprised to see that Elia states that this load shedding would entail 5% of load (without any quantitative nor qualitative validation for this 5% value), which in the Belgian control block alone would entail 100s of MWs (Elia states 500MW) being curtailed by a TSO and seems extremely steep. Moreover, Elia values these MWs at 14500 €/MWh (described by Elia as the maximum value of the imbalance price, although Febeliec was of the impression that this was 13500 €/MWh) to come up

with a cost of 14,5 M€ as impact for each load shedding event due to DFDs. Febeliec has numerous questions towards this reasoning as curtailment by Elia does not cost 14500 €/MWh; as it is involuntary and non-remunerated. The cost for consumers, such as industrial consumers, is function of the value of lost load, which is different for each consumer, but is not related to the maximum imbalance price. Moreover, in case of curtailment, there is no longer an imbalance (or it is at least reduced by the volume that has been curtailed), so the imbalance price should not even necessarily be at the maximum level. With currently at least in Belgium (and presumable similar in the rest of continental Europe) still zero curtailments due to DFDs, Febeliec also wonders how many of these by Elia presumed 5% of load curtailment would occur in each year. Febeliec also finds the comment that a DFD could ultimately lead to a system-wide blackout with high costs also not very relevant, as the important factor of probability is completely not provided by Elia. In case Elia and/or other TSOs would activate curtailment of load, as described by Elia, it would seem strange to consider a blackout. Moreover, the argumentation that the economic loss of a blackout would be far great than the cost of any measure to contain a DFD might be true, but is irrelevant as probability is not included and such reasoning would lead to gold-plating or even worse of the networks, at the detriment of total cost for consumers, as almost any measure individually is less costly than the cost of a blackout, and as such the argument does not hold any value. For Febeliec, it is important that probabilities for any load shedding and potential blackouts due to DFDs are provided and included in any assessment.