

Febeliec answer to the Elia consultation on the rules for the organization of Transfer of Energy

Febeliec would like to thank Elia for this consultation on the rules for the organization of Transfer of Energy (ToE). As already replied during earlier consultations, 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.

On the proposed changes, Febeliec regrets that Elia will not implement the activation combo which would allow for a delivery point to provide two services within the same quarter hour. By this omission, Elia forces market players with demand side response to choose between markets, whereas such limitation does not exist for generation facilities. Febeliec cannot accept this discrimination and market barrier and thus ask explicitly to remove it by allowing an activation combo.

The same applies to the fact that Elia does not allow a multiple FSP functionality on a single delivery point, which also forces market players with demand side response to select only one FSP in the only market (see above) they are allowed to valorise their flexibility, even more limiting their ability to valorise their flexibility as this does not allow them to select for every product that FSP that would give them the best value, but rather would have to select one single FSP for all products which would not necessarily allow them to optimize and maximize their flexibility valorisation, to the detriment of their revenue but also to market functioning. This could in the end even lead to a lock-in effect and the potential creation of dominant market positions. Moreover, it would not allow a grid user to work with an external FSP for one product, but be its own FSP for another product. 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 market barrier.

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 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 still regrets 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. 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 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 and according to Febeliec is even an undue market barrier that does not exist for other flexibility (see above). The proposed penalty (exclusion for one month from the DA/ID flexibility service or even 3 months if another occurrence within 12 months of the first occurrence) seems extremely punitive for Febeliec as it is based on a unilateral decision by Elia to not develop a combo activation capability and does not exist for other sources of flexibility. For Febeliec, this is not acceptable as this could strongly jeopardize market participation of delivery points, especially as all actors will also have to undergo a learning curve. Moreover, if the event were to be the result of an action by the FSP, the concerned delivery point and related grid user might even not be aware in advance and could thus be severely punished for something outside their control, while it would also be very strange that ToE DA/ID would not be allowed, but that the same delivery point and related grid user could still continue to trade on the day ahead and intraday markets (unless it would be the purpose to also limit those transactions, which would be equal to disconnecting the delivery point altogether from the grid). The same applies to the additional rules regarding FSP notification. 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.

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