

Febeliec answer to the Elia consultation on the aFRR activation method

Febeliec would like to thank Elia for this consultation on the aFRR activation method. Febeliec will provide some more detailed comments below, but as a general remark, Febeliec wonders what the added value is for consumers. The document clearly indicates the added value for BSPs who are able to react with a full activation time (FAT) of less than 7,5 minutes, as they would (as also clearly indicated in the quantitative examples) earn more revenue. However, benefits for consumers that would compensate for the increased costs (as higher revenues for BSPs are equal to higher costs for consumers via the grid tariffs and/or the imbalance tariff) seem almost non-existent. At best, there could be an implicit improvement in the ACE of Elia. However, as the ACE of Elia is currently already well within the required range, there would not be any additional value for consumers. As a result, Febeliec has the impression that Elia is goldplating, at the expense of consumers, its ancillary services and unnecessarily increasing the overall costs to enable BSPs with capabilities beyond the product requirements to earn an additional revenue, at the expense of consumers, for these unnecessary (from a system perspective) capabilities (because if these capabilities were to be required, these should have been included in the product specifications or an additional product should have been designed).

On the proposals of Elia, and taking into account the above where Febeliec does not see an additional value to compensate for the additional costs, Febeliec follows most of the reasoning of Elia to discard option 1 and 2 for the remuneration and has the same reservation as Elia vis-à-vis option 3, which is indeed not optimal but nevertheless better than both other options. Under the same premise, Febeliec also considers option 3 for activation control superior to both other options, also including the element on the situation where aFRR supplied is below the minimum requirement at the moment the control target crosses the minimum requirement (figure 9).

Concerning penalties, Febeliec wonders how these would be applied under the proposal of Elia, as it is essential that penalties provide the correct (dis)incentives to avoid perverse effects. The same applies for activation of multiple bids, where the rules are still missing which should avoid over-remuneration as well as incentives for perverse bids which would only maximize BSP remuneration without providing additional capabilities and services to the grid (or even worse, counteract those).

In conclusion, Febeliec remains with questions on certain elements of the proposed solution of Elia, which is not perfect but the best option amongst those provided. Nevertheless, and essential, Febeliec does not see at this moment any additional added value for consumers from the proposal which would warrant the related increase in costs.