

Febeliec answer to the Elia consultation on the T&C BSP mFRR

Febeliec would like to thank Elia for this latest consultation on its T&C BSP mFRR. Febeliec would like to refer to the very lengthy discussions on this topic during the meetings of the WG Balancing and confirms that the proposal by Elia is a good reflection of the compromise reached during those discussions. Febeliec nevertheless, insists that the ultimate goal is to enable as much participation (and thus liquidity) as possible to the mFRR market, both in capacity and in energy, and thus urges Elia to continue to evaluate the impact of the proposed changes on this ultimate goal.

Concerning prequalification and prequalification tests, Febeliec wants to refer to the ongoing discussions on this topic and insists that prequalification is reviewed in order to avoid that it remains a barrier for entry/switching BSPs for some participants. Febeliec will not repeat its comments on this topic in this consultation, but of course considers them valid also in the framework of the T&C BSP mFRR. Febeliec also considers the fact that every delivery point has to complete a new prequalification test every year as an undue burden and cost and considers that more intelligent solutions can be found to ensure that delivery points are still capable of delivering their required volumes. Again Febeliec refers to its comments on the specific discussion on prequalification.

Concerning penalties, Febeliec insists that a good balance is maintained between ensuring that balancing services are reliable and not creating an undue financial burden. Febeliec considers it in light of the future evolution of balancing needs important that activated volumes are actually delivered, in order to avoid ever-increasing contracted volumes if previously activated volumes could not be counted upon to deliver. Moreover, Febeliec wants to avoid a free lunch, at the detriment of system stability and overall system costs, for any participants upon non-compliance, while at the same time not creating a barrier for entry, implying striking a fine balance regarding penalty schemes. Febeliec in any case considers a smart penalty system essential to guarantee that the above objectives are reached.

In the framework of balancing T&Cs, Febeliec also most strongly wants to make the reference to Elia's proposed bidding facilitation services, in particular those regarding mimicking a neutralization time or a maximum activation time. Febeliec considers the deployment of these bidding facilitation services a *conditio sine qua non* for the implementation of the new T&Cs BSP, as it considers them a package deal in order to alleviate the many concerns by its members regarding the abolition of the mFRR Flex product. In the framework of these bidding facilitation services, Febeliec also wants to insist that once a market party has provided correct input in the new Elia tool for these services, that all responsibility for correctly translating this input into the corresponding mFRR Standard bids lies with Elia, as it is clear that market parties are not involved in the underlying process and as such cannot take any responsibility of the correct translation by Elia. Febeliec also takes note that Elia included a provision (art II.10.6) stating that Elia may request a justification for the use of a maximum activation time and/or neutralization time for mFRR bids, and can even refuse the application of these facilitations. Febeliec wants to better understand why such provision is foreseen, which use cases Elia has in mind and unless a valid argumentation is given (e.g. to avoid market manipulation), Febeliec opposes such provision as it is not up to Elia to decide how market parties should bid their flexibility.

Considering the conditional transfer of obligations, Febeliec supports the provision of such framework as it would clearly enable unlocking the participation of more flexibility to mFRR (capacity) markets and would thus increase market functioning and have a positive impact on overall system costs. Febeliec can also agree with the provision foreseen on possible negative impact of this on market functioning, as it is of course important to ensure that this should not negatively impact market functioning. Considering the proposed suspension, Febeliec insists that it remains possible to enter into discussion with Elia and/or CREG prior to any such suspension to ensure that only those BSPs/delivery points would be suspended where there is an intentional aim to negatively influence market functioning.