

Febeliec answer to the Elia consultation on the Real Time Price design note in the framework of the Consumer Centric Market Design

Febeliec would like to thank Elia for this consultation on Real Time Price design note in the framework of the Consumer Centric Market Design. Febeliec has followed the on-going discussions with a lot of interest as it considers any evolution towards unlocking flexibility and a better valorisation of existing flexibility a positive step. Febeliec underwrites completely the increasing need to ensure that all flexibility can find its way to the markets and the system, even though it does not underwrite the Elia Adequacy and Flexibility Studies as it considers these studies and their results to be flawed in many ways. Nevertheless, this does indeed not mean that there is no need for mechanisms which allow all assets, including those that are currently not suited for the existing ancillary services products, to become active actors in the future electricity system. Febeliec in the same context would like to insist that it does not support the paradigm shift described by Elia, where demand will follow generation, even though, as described above, it strongly believes in the added value towards lower overall system costs by making demand more flexible and more elastic, reacting to prices.

Febeliec supports a system where both explicit and implicit balancing is allowed, not in the least because not all flexibility at this point matches well with the different balancing products, while still able to contribute to the overall system and reducing its costs. Febeliec fully supports the reasoning by Elia on central balancing versus decentral balancing, the latter being considered more fit for purpose.

Concerning the discussion on the balancing price, Febeliec wants to refer to its position regarding the application of a cap and floor as well as a deadband, to avoid that an imbalance price signal becomes too volatile and unpredictable, up to the point of causing perverse effects, with also adverse impact on the overall system costs. Regarding Elia's argumentation on the real time price, Febeliec a priori has no objections against the principles, but insists that the discussion now evolves towards the concrete description of formulas and methods of calculation, as the devil is mostly in the details during implementation. Febeliec also a priori is not against the publication by Elia of a (continuously updated) real time price, yet hopes that this on the one hand will be computationally feasible (on a 1 minute basis) and on the other hand does not create the risk for systemic impacts in case Elia's calculations/forecasts would be erroneous and not corrected quickly enough to allow for a reaction from BRPs which helps the system. Again, Febeliec has no conceptual issue with the proposed approach, but would like to see how this all could work from an operational perspective.

In conclusion, at this point Febeliec is conceptually quite favourable regarding the proposal for a real time price design, but now expects to go to the next, more concrete level, in order to identify whether the theoretical concepts are also implementable.