

Febeliec answer to the Fluvius consultation on the rules for contracting non-frequency related ancillary services

Febeliec would like to thank Fluvius for its consultation on the rules for contracting non-frequency related ancillary services.

Febeliec in general would like to insist that Fluvius should do its utmost best to remove **all** barriers to ensure that **all** flexibility can find its way to **all** markets, towards frequency and non-frequency related products of system operators but also explicit and implicit participation in the energy markets. Febeliec finds the current proposals a first (positive!) step in this direction, but the scope should be broader than just non-frequency related ancillary services as it is by far not sufficient to attain the abovementioned ultimate goal, nor does it tackle all open issues. Febeliec thus wants to urge most strongly that all system operators and regulators accelerate their endeavors on unlocking all flexibility in the system to the benefit of all grid users through more efficiency and a lower overall system cost.

Regarding the concrete proposal from Fluvius, Febeliec understands the challenges faced by Fluvius to ensure a robust grid considering the many changes impacting a.o. reactive power. Febeliec nevertheless wants to stress that for demand side response, as compared to other technologies, participation to all ancillary services should always remain voluntary, as any non-voluntary obligations for service delivery could lead to very costly or even dangerous impacts on the processes of the (industrial) consumers. Febeliec also takes note of the possibility identified by Fluvius to deliver ancillary services, including non-voltage services, to the transmission grid operator, but it remains unclear to what extent Fluvius intends such services to be delivered by itself or directly by the grid users connected to the distribution grid.

As a service like reactive power is a local service, Febeliec remains a bit in doubt as to what the exact geographical scope Fluvius is envisaging regarding the services it might want to contract in the future. Febeliec can understand a phased approach as being proposed by Fluvius, but insists that even under such phased approach it is important to ensure a good product design, which is not only robust but also allows for sufficient potential liquidity (through the product design, including the pre-delivery periods for prequalification and auctions in case of ex ante acquisition of the services, but also through a correct delineation of the geographical scope and exact needs), as well as a clear understanding of the different alternatives and their respective costs, in order to ensure cost efficiency in general.

Regarding the proposed process, Febeliec wants as a general comment refer to the specific situation of CDSs, as in case of CDSs connected to the distribution grid (or any other grid for that matter), also the CDSO will have to play a fundamental role in delivery of the service on its connection point in case this is done by underlying (CDS) grid users. Such analysis is currently lacking in the proposal. Febeliec also wants to refer to its aforementioned comment on the voluntary or obligatory nature of participation to these services as this remains unclear. In any case, Febeliec appreciates the apparent check done by Fluvius regarding the compatibility of the proposed services and other markets and services, and the lack of identification of issues and conflicts with participation to other products and markets as such conflicts would lead to at least substantial cost increases due to loss of market opportunities and could even lead to perverse effects.

Febeliec has no specific comments on the prequalification and onboarding procedures, except that it wants to reiterate its comments that it considers an NFS to be irrelevant for demand side response, as the grid user/consumer has the right at any moment to modulate his demand (apart from active demand side response) and as such the grid is dimensioned for any such eventuality (as the alternative would entail either involuntary curtailment or forced consumption). Febeliec would thus insist to remove this (costly and time-consuming) requirement at least for demand side response. Febeliec in general also wants to insist that none of the procedure should be over-dimensioned, to avoid the creation of a.o. administrative barriers.

On the auction process and bid selection, Febeliec wants to refer to its comment on CDSOs, as it is clear that a setpoint on the connection point of a CDS will entail the translation of this into specific setpoints for the underlying CDS delivery points, which automatically thus includes the participation of the CDSO, which is currently not foreseen. On the product specifications itself, Febeliec appreciates the efforts done by Fluvius to align these as much as possible with other existing grid operator products (e.g. balancing services), which should already reduce the operational barriers for

Febeliec represents corporate energy consumers in Belgium for whom energy is a significant component of production costs and a key factor of competitiveness. Febeliec strives for competitive prices for electricity and natural gas for its members, and for more security of energy supply in the context of the energy transition. Febeliec's members are 5 sector federations and more than 40 companies from various sectors (chemistry and life sciences, petroleum products, glass, pulp & paper and cardboard, mining, textiles and wood processing, brick, non-ferrous metals, steel, transportation, construction materials, data centers, telecommunications). Together they represent some 80% of industrial electricity and natural gas consumption in Belgium and 225.000 jobs (www.febeliec.be).

participation but should also reduce the overall opportunity costs for participants and as such should lead to overall lower costs for the procurement of these non-voltage ancillary services.

Regarding settlement, remuneration and penalties, Febeliec looks forward to having a more concrete view on how the remuneration would be calculated. Febeliec in any case appreciates that it is identified that it is important to neutralise the effect of participation to these services on the grid tariffs, to ensure that grid users are not penalised for aiding with grid stability (e.g. through higher grid tariffs because of higher peaks and related peak tariffs). Regarding penalties Febeliec regrets that these are lacking from the consulted document, as it is important to have a balanced penalty scheme to ensure that services which have been paid for are also delivered.