

DOCUMENT RELEASE 4 (DR4)

Introductory note on the market consultation and the regulatory approval process

Summary

Document Release 4 (DR4) represents the next step in the development of the Belgian framework for explicit market-based flexibility on the distribution networks.

DR4 has three complementary objectives: 1) to simplify and clarify the existing framework, 2) to further remove specific barriers to participation in flexibility services, and 3) to prepare the framework for congestion management and future European developments, in particular the Network Code on Demand Response (NC DR).

Taken together, the consultation documents form a single coherent framework comprising contractual provisions, data exchanges, market processes, and technical requirements. The proposed amendments are intended to facilitate the participation of market participants, improve transparency and traceability, and continue to ensure safe and reliable network operation.

Following the market consultation, the system operators will analyse the comments received and explain how these have been processed. The consolidated documents are then, where required, submitted to the competent regulators for approval.

1. Context

Due to the energy transition, increasing electrification and further integration of renewable and decentralised energy sources, flexibility is becoming increasingly important within the electricity system.

The Belgian system operators, united within Synergrid, are therefore continuing their work to facilitate the participation of system users and market participants in flexibility services, whilst maintaining the safety and reliability of network operation and complying with the applicable regulatory framework.

DR4 builds on previous Document Releases and takes into account practical experience, feedback from market participants, comments from regulators, system requirements and regional, federal and European regulatory developments.

2. DR4's ambitions and objectives

DR4 has three complementary objectives.

First, DR4 aims to simplify and optimise participation in market-based flexibility services. For this reason, onboarding, mandating, contractual relationships, roles, data exchanges and operational processes are being further simplified and clarified.

Secondly, DR4 further removes specific barriers within existing flexibility services, including by better aligning the ToE Day-Ahead and Intraday models with batteries and renewable energy sources, and by establishing the central gateway as a structurally authorised solution.

Thirdly, DR4 is preparing the framework for new or modified flexibility products, including congestion services, and for future European developments such as the NC DR.

Through these developments, DR4 aims to contribute to a clearer, more harmonised and scalable framework that enables further automation. The framework must also strengthen collaboration between system operators and market participants and contribute to an attractive flexibility market with sufficient liquidity to support a reliable electricity system.

3. Documents within the consultation

The consultation relates to the documents listed below. These documents complement one another and, taken together, form a single coherent framework.

3.1. Access Contract for Flexibility

Previously known as the FSP-DSO contract, the Access Contract for Flexibility sets out the mutual rights and obligations of the distribution system operator and the flexibility service provider in relation to the use of flexible resources connected to the distribution network.

This contract is the main contractual document within DR4. The proposed amendments relate, amongst other things, to:

- the move towards a framework applicable to adequacy, balancing and congestion services;
- the description and streamlining of various operational flexibility rules;
- the optimisation of the mandate process;
- the changes linked to the ToE Day-Ahead and Intraday models;
- clarification of the rules on combining products;

- the incorporation of comments from the regulators following the previous Document Release.

The aim is to have an umbrella contractual framework that can support various flexibility services and enable their future development, without requiring a fundamental revision of the contract for each new product.

3.2. Market Guide on Flexibility

The Market Guide on Flexibility describes the exchange of data between FSPs and DSOs and associated market processes. In addition, the guide clarifies the roles and responsibilities of the parties involved.

The changes in DR4 mainly relate to the activation register, the management of flexibility service points, onboarding, pool management, mandating and the interactions between system operators and market participants.

These changes improve the transparency, traceability and operational efficiency of the flexibility processes.

3.3. Document C8-05

‘Data exchanges between system operators and market participants in the context of transfer of energy’

Document C8-05 governs the exchange of data between system operators and market participants in the context of transfer of energy. The changes mainly relate to the ToE Day-Ahead and Intraday model, the necessary data exchanges, volumes and settlement mechanisms, and consistency with the Access Contract for Flexibility.

3.4. Document C8-06

‘General technical requirements – Metering system and gateway for an FCR or aFRR service point connected to the distribution network’

Document C8-06 sets out the technical requirements for metering systems and communication facilities for FCR and aFRR service points on the distribution network. DR4 clarifies the communication architecture, the distinction between central and local gateways, and the associated roles and responsibilities. At the same time, C8-06 is also being simplified by limiting the text to the technical requirements.

3.5. Document C8-01 (Not consulted)

‘Network Flexibility Study on the participation of DSUs in flexibility services’

Document C8-01 deals with network pre-qualification, the qualification procedure and potential network constraints. It is included in order to clarify the document structure, but will not be amended in DR4 and does not form part of the substantive scope of the consultation.

4. Key changes submitted for market consultation

The proposed amendments can be grouped under the following themes.

4.1. The evolution of the FSP-DSO contract into the Access Contract for Flexibility

The FSP-DSO contract is evolving towards the Access Contract for Flexibility. This contract will serve as the umbrella framework for the rights, obligations and key operational rules between distribution system operators and flexibility service providers.

It is being updated so that it can support adequacy, balancing and congestion services. At the same time, common provisions are being further centralised, whilst product-specific provisions are being limited to situations where this is necessary.

4.2. Simplification of onboarding and mandating

DR4 aims to simplify the steps required to participate in flexibility services and to optimise the processing of consents and mandates between the system user, the flexibility service provider and the distribution system operator.

DR4 introduces an alternative approach, modelled on the processes in the supply market, which consists of two steps. Initially, a distribution network user may give consent to make a delivery point available on the flexibility market. This is done by means of an explicit mandate, which is controlled by the DSO. This enables FSPs to access a limited set of data necessary to enter into an agreement with a distribution network user in order to monetise its flexibility. Once the FSP has concluded the agreement with the distribution network user, it may include the delivery point in its Pool. This is controlled in the same way as the supply market is monitored ex post, using a system to rectify any errors.

The corresponding amendments are mainly set out in the Access Contract for Flexibility and in the Market Guide on Flexibility. Each DSO decides whether and when to apply the alternative onboarding approach.

4.3. Evolution of the ToE Day-Ahead and Intraday model

DR4 is adapting the ToE model for the Day-Ahead and Intraday markets and the associated settlement and data exchange processes. The amendments make the model better suited to batteries and renewable energy sources, thereby enhancing their participation in these markets and their ability to derive value from them.

These amendments are mainly set out in the Access Contract for Flexibility and in document C8-05.

4.4. Clarification of the combination rules

The rules governing the combination of multiple flexibility products or services on one connection are clarified, in particular for adequacy and balancing services.

The basic principle is to allow the highest possible number of combinations of flexibility services at the time of registration and to impose any restrictions upon activation. In addition, the following criteria are used to decide, on a case-by-case basis, whether to exclude a particular combination:

- Preventing conflicting incentives at the same delivery point within a single imbalance settlement period
- Excluding cases in which flexibility or ToE volumes cannot be unequivocally allocated to a single balance responsible party
- Limiting operational complexity in low-voltage networks, given the potentially large number of assets and the limited business cases

Based on the analysed use cases, the exclusion of the combination of flexibility services with Energy Sharing is further substantiated. Furthermore, flexibility services involving Transfer of Energy remain

ruled out in situations where the volumes to which the Transfer of Energy applies can no longer be unambiguously linked to the underlying metering data. This may, for example, occur in future market models where volumes are reallocated between different contracts or allocation points associated with the same connection.

The corresponding provisions are mainly set out in the Access Contract for Flexibility and in the Market Guide on Flexibility.

4.5. Introducing an activation register

DR4 is introducing an activation register designed to support a common mechanism for monitoring flexibility activations.

The aim of these changes is to improve the transparency and traceability of activations. The relevant processes are described in the Market Guide on Flexibility.

4.6. Clarification of the gateway architecture

DR4 establishes the central gateway as an authorised standard solution alongside the local gateway. This removes a significant barrier to the participation of low-voltage assets in balancing services. These amendments are mainly included in document C8-06.

4.7. Processing of comments relating to the previous Document Release

The comments made by the regulators during the assessment of the previous Document Release were analysed to determine what amendments would be required in the framework of DR4.

The resulting amendments will be incorporated into the relevant documents, in particular the FSP-DSO contract (which becomes the Access contract Flexibility) and, to a lesser extent, documents C8-05 and C8-06.

5. Consultation and approval process

The consultation is aimed at all parties involved in flexibility services. Market participants are asked to link their comments, where possible, to the document in question and the relevant provision, and to justify their comments or provide alternative proposals.

Once the consultation has concluded, the system operators analyse the submissions and provide a reasoned explanation of how the comments will be addressed. The documents are then amended and consolidated. The documents requiring approval are submitted to the relevant regional regulators, together with the results of the consultation.

6. Invitation to participate

The system operators invite market participants to analyse the consultation documents and to submit their comments within the specified timeframe and in accordance with the specified procedures. Their input is essential to ensure that the proposed amendments are clear, coherent and operationally feasible, and that they contribute to the further development of flexibility in Belgium.