

Cross Border CRM (XB CRM) Design note

March 2024

TABLE OF CONTENTS

TABLE OF CONTENTS	2
1 INTRODUCTION	4
2 SERVICE TIME SCHEDULE	8
2.1 Key Milestones	8
3 ADMISSION PROCESS	12
3.1 Eligibility	12
3.2 Application Form	12
3.3 Admission Process	13
3.3.1 General requirements for a Delivery Point	13
3.3.2 General requirements for a Foreign CMU	15
3.3.3 Additional requirements for a Dutch Delivery Point and CMU	16
3.3.4 Additional requirements for a French Delivery Point and CMU	17
3.3.5 Additional requirements for a German Delivery Point and CMU	18
3.4 Metering requirements	19
3.5 Volume determination	19
3.6 Transfer of data to Prequalification file	19
4 PRE-AUCTION	20
4.1 Bid submission	20
4.1.1 Bid compliance conditions	20
4.2 Pre-Auction clearing	21
4.2.1 Volume to be procured in the pre-auction	21
4.2.2 Grid constraints	21
4.2.3 Pre-Auction clearing methodology	22
4.2.4 Pre-Auction results and transfer of Bid to Auction	24
5 PREQUALIFICATION PROCESS	25
5.1 Prequalification Schedule	25
5.2 Permit Verification	25
5.3 Application form	25
5.4 Prequalification file	25
5.5 Volumes Determination	26
6 AUCTION PROCESS	27
6.1 Adaptations and corrections of the Demand Curve	27

7	CAPACITY CONTRACT SIGNATURE	28
8	PRE-DELIVERY CONTROL	28
8.1	Pre-delivery period definition	28
8.2	Pre-delivery modalities for Existing Foreign CMUs	28
8.3	Pre-delivery modalities for Additional CMUs	28
8.4	Delays in Infrastructure Works	29
8.5	Pre-delivery control penalties	29
8.6	Processes to follow prior to the start of the Transaction Period	29
9	AVAILABILITY OBLIGATION	29
9.1	Unavailable Capacity and Scheduled Maintenance	29
9.2	AMT Moments	30
9.3	Availability Monitoring	30
9.4	Availability Testing	31
9.5	Missing Capacity and Unavailability Penalty	32
10	SECONDARY MARKET	32
11	FINANCIAL SECURITIES	34
11.1	General Provisions regarding the Financial Security Obligation	34
11.2	Validity Period	34
11.3	Types of Financial Securities	34
11.4	Secured Amount	35
11.5	Call upon the Financial Security	35
11.6	Additional moment of release	35
12	PAYBACK OBLIGATION	36
13	LIABILITY AND FORCE MAJEURE	37
14	DISPUTE RESOLUTION	37
15	FALLBACK PROCEDURES	37
16	TRANSPARENCY AND MOTIVATION	38

1 INTRODUCTION

This Design Note is provided for explanatory purposes only and does not confer any rights or permissions to the reader. The implementation and detailed design of the design concepts outlined in this document may vary based on specific constraints, or evolving design considerations. This document does not serve as a strict instruction manual.

This document does not constitute a legal or binding commitment by Elia Transmission Belgium to undertake any specific design or development activities. For the most accurate and up-to-date information, it is recommended that the reader always relies on the latest available information.

By reading and using this Design Note, you acknowledge and accept the terms of this disclaimer.

This Design Note functions as an overview for Cross Border Participation to the Belgian CRM and covers both the process and the design of Cross Border Participation, with a focus on changes or additions to this process or the design. The document should be standalone for the Cross Border specific aspects, but is meant to be read in conjunction with the latest version of the Functioning Rules for all processes that do not differ between regular and Cross Border Participation. The Functioning Rules will be published on the 15th of May 2024 on Elia website¹.

This design note was last updated in March 2024 following Elia's submission of the Functioning Rules to the CREG on February 1st 2024.

There are some important differences for participation of Foreign Capacity Market Units (Foreign CMUs) (i.e. capacities in neighbouring countries which are willing to participate to the Belgian CRM), these are summarized in a non-exhaustive way below.

- Indirect Foreign Capacities are allowed to bid in as "Additional" and "Existing" capacities, not as "Unproven" Capacities.
- No Multi-Year contract are allowed for Indirect Foreign Capacity Providers, only Single Year contracts. This is due to the nature of Cross Border Participation and its limitation to the Maximum Entry Capacity for each Delivery Period and for each border, which changes year-to-year and isn't known exactly beforehand.
- The participation of Foreign Capacity Providers is restricted to the Y-1 auction. The volume which is being auctioned is determined by the Max Entry Capacity (MEC) and is different for every border. The MEC is calculated by Elia as part of the calibration process.
- Furthermore, no Admission Process and Pre-Auction will be held for a certain border for a Delivery Period if the Maximum Entry Capacity does not reach the threshold defined in the Royal

¹ Elia published on its website the latest version on the 15th of May after approval of the CREG. The versions submitted to the CREG by Elia the 1st of February 2024 is available on Elia website:

English translation version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_en.pdf

French version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_fr.pdf

Dutch version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_nl.pdf

Decree “Indirect foreign Capacity”, as it would not make sense to set-up and run the entire process for a (very) low Maximum Entry Capacity. The decision to launch (or not) the Cross Border participation for a certain border remains at the Minister and will be included in the instruction to auction by 31st of March.

- Indirect Foreign Capacities that bid into the Pre-Auction bind themselves to participate in the Prequalification Process. The selected bids in the Pre-Auction are transferred to the Auction. However, as Foreign CMUs are subject to the same rules as Belgian CMUs regarding penalties, in case of rejection of a PQ File from an Admitted CRM Candidate, no penalty is applied, and the Financial Securities is released from the next release moment.
- For the Secondary Market, even though trades in all directions (from each border towards each border) are possible, there is an additional restriction related to the Remaining Maximum Entry Capacity (RMEC) whenever on the Secondary Market an Indirect Foreign CMU wants to take over an Obligation from a CMU in another country (Belgium or another adjacent European country).
- For the Delivery Period, changes to both the Availability Monitoring and Payback Obligation processes are required due to differences in the availability and aggregation of data from the Foreign TSOs.
- An Indirect Foreign Capacity Market Unit should submit a Permit verification report during the Prequalification phase in accordance with its contractual obligation to participate in the Belgian CRM. This Permit verification report contains the permits required for the participation to the Belgian CRM and a document from a publicly certified and sworn expert confirming that all licences/permits required for the construction and operation of the project have been obtained.

In terms of processes, two additional processes are added compared to the CRM processes for domestic CMUs. These are to be followed by all Indirect Foreign Capacity Providers that wish to participate to the Primary Market: the Admission Process and the Pre-Auction. These processes function as a pre-selection of the (potentially) large pool of Indirect Foreign Capacities before they enter the Prequalification process. These processes are illustrated in Figure 1 - Additional processes for Foreign Capacities. Previously the Admission Process was called the light-Prequalification process.

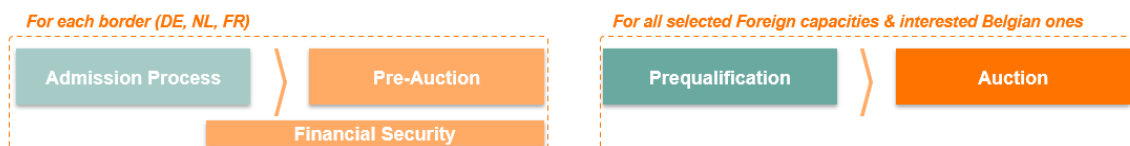


Figure 1 - Additional processes for Foreign Capacities

In accordance with the “Indirect Foreign Capacities” Royal Decree, Elia publishes on its website the relevant templates and documents for Indirect Foreign Capacities Providers to demonstrate that the conditions for participating in the Admission Process have been met.

The following sections cover each of the chapters of the latest version of the Functioning Rules (the

version sent to the CREG on the 1st of February subject to CREG approval²) and highlight the differences, additions, or aspects of note in the context of Cross Border Participation and contain more details on the points raised in this introduction.

The Cross Border participation to the Belgian CRM requires a close collaboration between Elia and the Foreign TSOs of the adjacent European country. The roles of the Foreign TSOs are multiples. First, they are the first point of contact for their market parties. The Foreign TSOs raise awareness of their market parties about the Belgian CRM, but they also support the Indirect Foreign Capacities in their participation through the different processes. Secondly, the Foreign TSOs supports Elia for all country or area-related specific aspects. And lastly, the Foreign TSOs and Elia set operational processes for data exchange when it is necessary as for the volume determination for instance.

DEFINITIONS

The following definitions are added in the context of Cross Border Participation. All other definitions can be found in the latest version of the Functioning Rules, as submitted by Elia to the CREG on the 1st of February.³

Admissibility Conditions	As defined in Royal Decree on "Indirect Foreign Capacity"
Admission File	All documents and data that the Indirect Foreign CRM Candidate has prepared, updated (when required) and (committed to) provide(d) to ELIA and which are necessary for the proper and complete execution of the Admission Process.
Admission Process	The process taking place prior to the Prequalification Process which must be followed and fulfilled by the Indirect Foreign Capacity Holders who wish to participate in the Pre-Auction before they can participate in the Auction.
Admitted CRM Candidate	A Foreign CRM Candidate that has successfully followed the Admission Process.
Foreign Capacity Market Unit (Foreign CMU)	An Indirect Foreign Capacity used in the consecutive phases of the Capacity Remuneration Mechanism to deliver the Service.
Foreign CRM Candidate	The Indirect Foreign Capacity Holder whose application form has been accepted by ELIA.
Foreign TSO	The Transmission System Operator to which the concerned Indirect Foreign Capacity is connected.
Indirect Foreign Capacity	As defined in article 2, 85° of the Electricity Act.
Indirect Foreign Capacity Holder	To be defined in the Royal Decree on "Indirect Foreign Capacities", established in accordance with article 7undecies, § 8, paragraph 1, 3° of the Electricity Act.

²English translation version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_en.pdf

French version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_fr.pdf

Dutch version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_nl.pdf

³English translation version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_en.pdf

French version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_fr.pdf

Dutch version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_nl.pdf

Indirect Foreign Capacity Provider	As defined in article 2, 75° of the Electricity Act, but located in an adjacent European country, providing Indirect Foreign Capacity.
Maximum Entry Capacity	Determined for each Delivery Period and each border, this value determines the maximum volume from Indirect Foreign Capacities that can be contracted for a specific border for a specific Delivery Period.
Pre-Auction	To be defined in the Royal Decree on "Indirect Foreign Capacities".
Remaining Maximum Entry Capacity	The part of the Maximum Entry Capacity for a Delivery Period and border that is available for CMUs located in the foreign country to take over obligations on the Secondary Market as the Buyer of an Obligation from CMUs located in another country.
Royal Decree on "Indirect Foreign Capacity"	The future royal decree on the determination of the eligibility criteria meant in article 7 <i>undecies</i> , § 8, first paragraph, 3° of the law of 29 April 1999 on the organization of the electricity market, related to the conditions and modalities under which capacity holders of indirect foreign capacity can participate to the prequalification process of the Capacity Remuneration Mechanism.

2 SERVICE TIME SCHEDULE

This section summarizes the most relevant milestones and operational deadlines or timings an Indirect Foreign CRM Actor should keep in mind. It provides an overview of the key milestones specified in the Electricity Act and/or other legal documents related to regular and Cross Border CRM. All specific operational process timings are illustrated in their respective Chapters.

2.1 Key Milestones

PERIODS	Gate opening time	Gate closure time	Remarks in respect of the forthcoming Auction
MINISTERIAL DECREE	NA	March 31, Y-1	Last date where Ministerial Decree on "Volume and Parameters" is officially published, which includes the MEC and instruction to organize the Cross Border Auctions.
ADMISSION PROCESS			
Application Form Submission	From mid-March 2024 onwards	1WD after April 1	The Foreign Capacity Provider submits to ELIA his Application Form in order to become a Foreign CRM Candidate and gain access to the CRM IT Interface. ELIA review the application form and approve or reject it within 5 Working Days (WD).
Admission Process File submission		April 12, Y-1	Last date by which the Foreign CRM Candidate may submit his Admission Process File in order to be able to participate to the forthcoming Pre-Auction.

Admission Process results notification		May 22, Y-1	Last date by which the Admission Process results are officially notified by ELIA to each Foreign CRM Candidate individually.
--	--	-------------	--

FUNCTIONING RULES PUBLICATION	NA	May 15, Y-1	Last date where Functioning Rules for a related Auction are officially published.
--------------------------------------	-----------	--------------------	---

PRE-AUCTION			
Bid submission	May 24, Y-1	May 25, Y-1	Period during which Bids may be introduced by Admitted Foreign CRM Candidates.
Pre-Auction clearing	NA	June 12, Y-1	Period during which the Pre-Auction is cleared, and results are validated.
Results notification	NA	June 12, Y-1	Date by which Pre-Auction results are notified to the Foreign CRM Candidates.

PREQUALIFICATION PROCESS⁴			
---	--	--	--

⁴ A Prequalification File cannot be introduced later than June 15 of the year of the forthcoming Auction provided that the capacity for which a Prequalification File is introduced has gone through the Admission Process and was selected during the pre-Auction. However, and considering the yearly update of the Functioning Rules published every May 15, any Prequalification File initiated before such date, and to be submitted for the forthcoming Auction, is required to be updated for compliancy before June 15

Prequalification File submission		June 15, Y-1	Last date by which the (Foreign) CRM Candidate may submit his Prequalification File in order to be able to participate to the forthcoming Auction. For the Foreign CRM candidate, it consists of a transfer of the Admission Process File to the Prequalification File.
Final documentation Submission		June 30, Y-1	Last date by which a Foreign CRM candidate may submit all further documents required for the Prequalification Process, excluding the permit report verification.
Permit Verification Report submission		Aug 31, Y-1	Suggested date by which a Foreign CRM candidate should submit to the relevant Foreign TSO the Permit Verification report.
Prequalification results notification		September 15 ⁵ , Y-1	Last date by which the prequalification results are officially notified by ELIA to each CRM Candidate individually.

AUCTION			
Bid submission	1 WD after September 15 9:00, Y-1	September 30 17:00, Y-1	Period during which Bids may be introduced by Prequalified CRM Candidates.
Auction clearing	October 1, Y-1	October 31, Y-1	Period during which the Auction is cleared, and results are validated.

Results notification	NA	October 31, Y-1	Date by which Auction results are published.
----------------------	----	-----------------	--

PRE-DELIVERY PERIOD	November 1, Y-1	October 31, Y	
----------------------------	------------------------	----------------------	--

DELIVERY PERIOD	November 1, Y	October 31, Y+1	
------------------------	----------------------	------------------------	--

3 ADMISSION PROCESS

Disclaimer: The Admission process is called Light Prequalification Process in the IT CRM Interface. Both terms are equivalents and interchangeable. Ultimately, the term Admission Process will remain and fully replace the term Light Prequalification Process. However, this modification requires a transition phase. Therefore, the two terms currently exist.

The Admission Process is to be followed by all Indirect Foreign Capacities Providers that wish to participate in the Primary Market. The purpose of an Admission Process is to determine whether and with which volumes an Indirect Foreign Capacity Holder is eligible to participate in the Pre-Auction. In this process, the "Admissibility Conditions" as defined in Royal Decree on "Indirect Foreign Capacities" are checked by Elia and the Foreign TSO in whose control zone the CMU of the Foreign CRM Candidate is located.

The Admission Process starts after the Instruction of the Minister to organize the Auction(s) for that specific year and for which participation from Indirect Foreign Capacities is foreseen.

3.1 Eligibility

Indirect Foreign Capacities are subject to the same eligibility and admissibility criteria as Belgian Capacities. These admissibility criteria are also found in the Royal Decree on "Indirect Foreign Capacities".

- The Indirect Foreign Capacity is connected to a TSO network;
- the CO2 emissions of the Indirect Foreign Capacity Provider fulfil the CO2 Emissions Cap defined in ACER guidelines and established in annex of the CRM Functioning Rules;
- the Indirect Foreign Capacity does not receive any operating aid for the relevant Delivery Period;
- the Indirect Foreign Capacity fulfils all permit requirements; and
- the Indirect Foreign Capacity fills in the required templates and delivers the required data. These templates and the overview of the data to be delivered are specified in a separate document.

However, some further specificities exist:

- To reduce operational and design complexity, for now only TSO-connected capacities (not connected to a CDS) are eligible. This will be re-evaluated at a later stage.
- An Indirect Foreign Capacity can only apply for a 1-year contract, no multi-year.

There are additional criteria for both Daily Schedule and Non-Daily Schedule Foreign Capacities due to the specificities and availability of data from Foreign TSOs. These are defined below.

3.2 Application Form

The Application Form that is normally filled in at the beginning of the Prequalification Process is also part of the Admission Process and its approval is required to become an Indirect Foreign CRM Candidate. It can be filled in before the start of the Admission Process and the opening of its tool (<https://ademar.elia.be/#/>) has been opened (before April 1). ELIA has 5 WD to approve or reject the Application Form.

3.3 Admission Process

The Admission Process is mainly based on declarations, where the Indirect Foreign Capacity Providers will commit to provide certain documentation or commit to a certain Expected Nominal Reference Power (for Existing Capacities), which will be verified during the Prequalification Process, after selection in the Pre-Auction. Additional Capacities must provide a Declared Nominal Reference Power which will only be verified if these capacities are selected in the Pre-Auction, then in the main Auction and afterwards have to become Existing by $T_{Control2}$.

All data submitted by the Indirect Foreign CRM Candidate and approved by ELIA during the Admission Process will be transferred to the Prequalification Process and cannot be changed anymore except upon request by ELIA.

During the Admission Process, a significant part of the requirements is to be provided as a “declaration to provide” a certain document or file during the full Prequalification Process.

ELIA applies the ‘first come, first served’ rule when processing Admission Process Files.

3.3.1 General requirements for a Delivery Point

A Foreign CMU consists of Delivery Points located in the same country.

The general requirements applicable to Delivery Point(s) from an Indirect Foreign CMU for the admission Process are listed in the table below. Some aspects depend on the country in which the Delivery Point is located. Such country-related aspects are listed in the following subsections. They include all the data and documents that shall be provided per Delivery Point (Existing or Additional) to ELIA by an Indirect Foreign CRM Candidate as part of his Admission File.

The crosses in the table indicate for which status (Existing and/or Additional) the requirement applies. An asterisk in the last two columns means that the information is mandatory for all Existing or Additional Delivery Points, whereas an asterisk in the comments-column describes the subset of Delivery Points for which the information provision is mandatory.

Requirement	Type of Data	Comments	Delivery Point's status	
			Existing	Additional
General Information:				
Delivery Point name	Name	The Indirect Foreign CRM Candidate chooses and communicates a Delivery Point's name. There is no requirement with respect to the choice of this name.	X*	X*
Technology	Name (drop-down list)	The technology of the Delivery Point is supplied according to the list provided by Article 13 §1 of the Royal Decree on Methodology. If the technology selected for the Delivery Point(s) by the CRM Candidate is Demand Side Management, he undertakes to ensure that the Delivery Point(s) for which he wishes to prequalify and participate to the Auction is (are) not connected to a generation unit and cannot lead to an injection on such grid. The CRM Candidate should confirm this via the CRM IT Interface. This declaration is binding for the CRM Candidate in the event of selection in the Auction.	X*	X*

Type of Delivery Point	Name (drop-down list)	The Foreign CRM Candidate needs to inform ELIA about the fact that the Delivery Point is connected to the Foreign TSO grid as in first instance, only TSO-connected capacities are allowed.	X*	X*
Single line diagram	Declaration to provide document	A single line diagram is a diagram with the specific identification of the exact location of the Delivery Point. It can include more than one Delivery Point.	X	X
Linked Capacities	Number (ID of the Delivery Point(s))	*The Indirect Foreign CRM Candidate provides ELIA with the list of Delivery Points which are linked together (Linked Capacities). The link between Delivery Points leads to links between CMUs and can be translated into "Linked Bids" for the Pre-Auction	X	X
CO2 calculation module	Declaration to provide document	This is a calculation module provided by the Federal Public Service Economy on its CRM webpage and is filled in by the Foreign CRM Candidate as part of its Prequalification File. *This requirement is mandatory for Delivery Points that concern a production capacity using fossil fuels.	X	X
CO2 emission	Number (in g/kWh)	*The Foreign CRM Candidate must provide a CO2 emission of the Delivery Point if it concerns a production capacity using fossil fuels as detailed in annex 18.1.6 of the functioning Rules. Other capacities can provide CO2 emission whenever relevant. Their value set by default is 0, with this parameter being used for the Pre-Auction and Auction in case tie-breaking rules are necessary. The CO2 emissions are the subject of a decision by ELIA based on an advice of Federal Public Service Economy during the Prequalification File review process. The Indirect Foreign CRM Candidate selecting a storage related technology without submitting emission supporting documents, undertakes to ensure that the storage unit for which he wishes to prequalify and participate to the Auction or participate to the Secondary Market is not connected to a generation unit but to the TSO's or DSO's network. The Indirect Foreign CRM Candidate should confirm this via the CRM IT Interface. This declaration is binding for the Indirect Foreign CRM Candidate in the event of selection in the Auction. The FPS Economy reserves itself the right to verify the accuracy of this declaration at any time. Any offender is liable to sanctions.	X	X
CO2 emission additional documentation	Declaration to provide documentation	*Whenever desired by the Indirect Foreign CRM Candidate, or when explicitly requested by the Federal Public Service Economy, additional specific CO2 related documentation is provided via the CRM IT interface.	X	X
Grid User Declaration	Declaration to provide documentation	*The Grid User Declaration is a signed declaration to provide in case the Grid User differs from the Indirect Foreign CRM Actor. The list of the clauses that must at least be presented into this signed declaration can be found in annex 18.1.2 of the functioning Rules. A Delivery Point can be related to only one Grid User Declaration at a time.	X	
Information related to production or energy storage permit	Declaration to provide documentation	If required, the Indirect Foreign CRM Candidate provides: the production or energy storage permit if the Indirect Foreign CRM Candidate already has it; or proof that a production or energy storage permit request has been introduced at the latest fifteen days after the publication of the Ministerial Decree "Volume and Parameters" if the Indirect Foreign CRM Candidate does not yet have the production or energy storage permit. One production or energy storage permit can be valid for more than one Admission Process File as it may cover more than one CMU. For the CMU to be Admitted and prequalified, such production or energy storage permit must be valid at least until the notification of the Auction results (defined in section 6.4 of the Functioning Rules) and must be obtained within twenty days before the deadline for submitting Bids in connection with the auctions, in accordance with article 7 <i>undecies</i> §12 al. 3, 2 a).		X

Country and control zone	Dropdown	The Foreign CRM Candidate indicates in which country and control zone the Delivery Point is located.	X	X
Nominal Reference Power related information – for Existing Delivery Points:				
Expected Nominal Reference Power	Number (in MW)	In case of an Existing Delivery Point, the Indirect Foreign CRM Candidate provides the Expected Nominal Reference Power of the Delivery Point.	X*	
NRP based on injection data only	Name (drop-down list)	The Indirect Foreign CRM Candidate indicates to ELIA whether the NRP of his Delivery Point can be determined based on injection data only. This will have an impact on the methodology used to determine NRP.	X*	
Non-representative days for NRP determination	Y/N and declaration to provide if Y	In case the NRP of the Delivery Point cannot be determined based on injection data only, the Indirect Foreign CRM Candidate may provide a list of non-representative days of the past thirteen months, which will then be discarded from the period used to determine the NRP as described in the section 5.4.1.1.1.1.1 of the Functioning Rules Non-representative days can only be exceptional holidays, strike days or closing periods that have an impact on the injection/offtake profile of the Delivery Point. This has to be justified as such by the Foreign CRM Candidate.	x	
Unsheddable Margin	Number (in MW)	The Unsheddable Margin cannot be lower than the negative of the Nameplate capacity of production and the negative of the maximal injection. *This requirement is mandatory only for Delivery Points for which NRP cannot be calculated based on injection data only	X	
Nominal Reference Power related information – for Additional Delivery Points:				
Declared Nominal Reference Power	Number (in MW)	In case of Additional Delivery Point, the Indirect Foreign CRM Candidate provides the Declared Nominal Reference Power of the Delivery Point.		X*

3.3.2 General requirements for a Foreign CMU

The following table includes all the data and documents that shall be provided per Foreign CMU to ELIA by an Indirect Foreign CRM Candidate as part of his Admission Process File.

The crosses in the table indicate for which status (Existing and/or Additional) the requirement applies. An asterisk in the last two columns means that the information is mandatory for all Existing or Additional CMUs, whereas an asterisk in the comments-column describes the subset of CMUs for which the information provision is mandatory.

Requirement	Type of Data	Comments	CMU status	
			Existing	Additional
CMU name	Name	The Indirect Foreign CRM Candidate chooses and communicates a CMU name. There is no requirement with respect to the choice of this name.	X*	X*
Project execution plan	Declaration to provide document	The project execution plan is the document that establishes the method(s) used to execute the project linked to the Foreign CMU. More information about this project execution plan can be found in annex 18.1.4 of the Functioning Rules. A project execution plan can be linked to more than one CMU. In case of a New Build CMU, the Indirect Foreign CRM Candidate is required to use the template as provided in annex 18.1.4.3 of the Functioning Rules.	X	X*

Renouncing the operating aid	Declaration to provide document	The Indirect Foreign CRM Candidate provides to ELIA a declaration (according to the template provided by the relevant competent authority) renouncing all operating aid during the Delivery Period(s) covered by a Capacity Contract.	X*	X*
Permit requirement	Declaration to provide (tick box including expiration date)	In order to meet the permit requirements to be able to participate to the Primary or Secondary (as the Buyer of an Obligation) Market, the Foreign CRM Candidate provides ELIA proof that it has been awarded, in the last administrative instance, all relevant permits that are required under regional regulations for the construction and/or the operation of the Capacit(y)(ies) included in the Indirect Foreign CMU in question. If the targeted permits were already submitted during the previous Admission Process linked to the last Auction that took place and were not subject to any change (including on their validity), the Indirect Foreign CRM Candidate can indicate it via the CRM IT Interface and does not need to resubmit these permits. If the Indirect Foreign CRM Candidate hasn't indicated it via the CRM IT Interface, he has to follow the regular path described above.	X*	X*
Derating Factor	Number (drop-down list)	The Indirect Foreign CRM Candidate selects the Last Published Derating Factor that corresponds to the category and, where appropriate, sub-category to which its CMU belongs. The chosen Derating Factor will lead to two values: one value valid for a Y-1 Auction. The chosen Derating Factor allows ELIA to determine the Eligible Volumes and to define whether or not the Indirect Foreign CMU is an Energy-constrained CMU: If the Indirect Foreign CMU Candidate selects a SLA, the Indirect Foreign CMU is considered as an Energy-constrained CMU; If the technology of an Indirect Foreign CMU is declared as falling under Category III with Daily Schedule, in line with article 13 of Royal Decree Methodology] the CMU is categorized as an Energy Constrained CMU with a number of hours in line with its SLA, or in absence thereof categorized as an Energy Constrained CMU with an SLA of 4 hours. If all other cases, the Foreign CMU is categorized as a Non-Energy Constrained CMU.	X*	X*
Country and control zone	Dropdown	The Indirect Foreign CRM Candidate indicates in which country and control zone the CMU is located	X	X
Generation Schedule	Yes/No	The Indirect Foreign CRM Candidate indicates whether or not the CMU is subject to an obligation to provide their Generation Schedule.	X	X

3.3.2.1 Daily Schedule for Foreign CMUs

For all Adjacent European member states, the local equivalent of the "Generation Schedule", according to the SOGL, must be used as the equivalent of the Daily schedule in Belgium.

- For the Netherlands, "Generation Schedule" is defined as the "Generation Forecast";
- For France, "Generation Schedule" is defined as the "Entité de Capacité"
- For Germany, "Generation Schedule" is defined as the "Generation Block Unit".

A Foreign CMU containing a Delivery Point with Generation Schedule cannot contain another Delivery Point.

3.3.3 Additional requirements for a Dutch Delivery Point and CMU

3.3.3.1 Additional requirements for a Dutch Delivery Point

The following requirements apply to a Dutch Delivery Point.

Requirement	Type of Data	Comments	Delivery Point's status	
			Existing	Additional
EAN code(s) of the Access Point	Number	The EAN code of the Access Point is the unique identification number used to identify the metering device of the Access Point that is related to the Delivery Point. (EAN-18)	X*	X
EAN code(s) of the Delivery Point	Number	The EAN code of the Delivery Point is a unique identification number used to identify the metering device of the Delivery Point. (EAN-18)	X*	X

3.3.4 Additional requirements for a French Delivery Point and CMU

3.3.4.1 Additional requirements for a French Delivery Point

The following requirements apply to a French Delivery Point.

Requirement	Type of Data	Comments	Delivery Point's status	
			Existing	Additional
EIC code(s) of the Delivery Point	Number	The EIC code of the Delivery Point is the unique identification number used to identify the metering device of the Delivery Point. (Code GRC) EIC object type Z (Measurement Point)	X*	X
Grid Access Contract (CART)	ID	The Grid Access Contract (CART) contains a large portion of the information required. An ID is required to verify. Only mandatory for existing RTE-connected Delivery Points.	X	

3.3.4.2 Additional requirements for a French CMU

The following requirements apply to a French CMU.

CMU status

Requirement	Type of Data	Comments	Existing	Additional
EDC ID	ID	The EDC ID Identifies which EDC ID the CMU has in case it is Generation Scheduled.	X	X

3.3.5 Additional requirements for a German Delivery Point and CMU

3.3.5.1 Additional requirements for a German Delivery Point

The following requirements apply to a German Delivery Point.

Requirement	Type of Data	Comments	Delivery Point's status	
			Existing	Additional
MaLo-ID of the CMU	11-digit number	The MaLo-ID of the CMU is a unique number that identifies a market location where energy is either produced or consumed. A market location is connected to the grid by at least one transmission line.	X*	X
Metering Point Administration Number (Ger.: Zählpunkt-nummer/Messlokation) of the access point	33-alpha-numeric characters	The Metering Point Administration Number is a unique number that identifies a metering point where energy is measured.	X*	X

3.3.5.2 Additional requirements for a German CMU

The following requirements apply to a German CMU.

Requirement	Type of Data	Comments	CMU status	
			Existing	Additional
Generation Schedule identification (Daily Schedule Identification)	W-EIC Code (W-Code)	The Foreign CRM Candidate provides the ID of the Generation Schedule block / Daily Schedule of the CMU.	X	X

3.4 Metering requirements

Specific metering requirements are to be added in Annex 18.1.1 to the Functioning Rules for each of the adjacent European countries (and/or control zones if needed).

3.5 Volume determination

Opt-Out and all modalities related to Opt-Out are not relevant for Cross Border Participation, as there is no obligation to prequalify for Foreign Capacities, which means that there is no need for Opt-Out.

The Volume determination during the Admission Process is purely declarative, with all CMUs declaring their Declared or Expected NRP, depending on whether it respectively concerns an Additional or Existing CMU.

Starting from the Declared or Expected NRP per CMU, Elia determines the Eligible Volume as follows:

$$\text{Eligible Volume} = \text{Derating Factor} * \text{Expected or Declared NRP}$$

With the Derating Factor as indicated by the Foreign Candidate for each CMU.

3.6 Transfer of data to Prequalification file

The data that has been provided declaratively during the Admission Process, will be transferred to the Prequalification Process if the Foreign CMU has been selected in the Pre-Auction and cannot be changed without explicit request/approval by ELIA.

All data points where a “declaration to provide” a document, a file, ... has been indicated by the Foreign Capacity Provider are to be completed with the respective document or file during full Prequalification according to the time schedules set out.

All of the checks that have occurred during Admission Process for which the information provided is not different between Admission Process and Prequalification Process do not have to be repeated for the Prequalification process.

Considering the yearly update of the Functioning Rules published on May 15, Admitted CRM Candidates will need to fulfil the complete the compliance checks before June 15 through the CRM-IT Interface.

4 PRE-AUCTION

The goal of the Pre-Auction is to select the most relevant Indirect Foreign Capacities. Pre-auctions are only organized for Auctions one year before delivery (Y-1 Auctions). For each, Adjacent European Country, a Pre-Auction can be organized. Pre-Auctions consider the Maximum Entry Capacity (MEC) for the relevant border.

4.1 Bid submission

Admitted CRM Candidates can submit a Bid for its Foreign Admitted CMUs into the Pre-Auction. All Bids are indivisible, meaning that they can only be selected in their entirety or not at all.

Within the same Pre-Auction for a single border, an Admitted CRM Candidate can label a bid as being part of a set of mutually exclusive Bids or a set of linked Bids. In case of a set of linked bids, each bid must relate to a different Foreign Admitted CMU located in the same country and that belongs to the same Admitted CRM Candidate. There cannot be any dependencies between Bids across the different Pre-Auctions for the different borders.

4.1.1 Bid compliance conditions

All bids submitted in a Pre-Auction are subject to a number of bid compliance conditions, detailed further below.

Capacity Contract duration

The Capacity Contract duration of all bids submitted in the Pre-Auction is equal to one Delivery Period. No Multi-Year contract is allowed for Indirect Foreign Capacity Providers. This is due to the nature of Cross Border Participation and its limitation to the Maximum Entry Capacity for each Delivery Period and for each border, which changes year-to-year and isn't known beforehand.

Bid Volume

The Bid Volume of each Bid submitted in the Pre-Auction must be greater than or equal to 1MW and smaller than or equal to the Eligible Volume of the Foreign Admitted CMU related to the Bid. Opt-Out and all modalities related to Opt-Out are not relevant for Cross Border Participation.

Bid Price

The Bid Price of each Bid submitted in the Pre-Auction is subject to the Intermediate Price Cap (IPC), as determined by the Minister on March 31 for the relevant main auction to which the Pre-Auction relates. Hence the price of each Bid must be lower than or equal to this IPC.

Admitted CRM Candidates have the possibility to submit an IPC derogation request. Candidates wishing to do so must submit this request to Elia between April first and at the latest twenty working days before June 15th. In case an Admitted CRM Candidate has submitted or intends to submit (as the submission deadline is later than the Pre-Auction Gate Closing Time), such a request for an Admitted CMU, the Bid Price of the Bid related to this Admitted CMU is allowed to exceed the IPC. In this case the Bid Price will be subject to the Global Auction Price Cap (GAPC) of the Auction to which the Pre-Auction relates and hence the Bid Price must be lower than or equal to this GAPC.

Note that the result of an IPC derogation request is only known after the Pre-Auction clearing. In case such a request is denied by the Belgian regulatory authority (CREG), or alternatively, the request is approved by the CREG, but the approval states a lower amount of missing money than the submitted Bid, this will impact the price of the Bid when transferred to the Auction. This is further explained in section 4.2.4.

4.2 Pre-Auction clearing

4.2.1 Volume to be procured in the Pre-Auction

For a specific Delivery Period, the total volume to be procured for a specific border is limited to the Maximum Entry Capacity (MEC).

In Y-1, the volume to be procured is determined based on the MEC that has been decided on by the Minister in the Ministerial Decree of the 31st of March, decreased with the volume that was already contracted for that specific border and that specific Delivery Period.

If there is insufficient volume selected in the Pre-Auction (lack of interest, drop out of Admission file,) the unallocated volume in the Pre-Auction will be considered as contributing implicitly to adequacy in the main CRM auction, as explained in section 6.1.

4.2.2 Grid constraints

ELIA accommodates the grid constraints imposed by the Foreign TSOs in the Pre-Auction when they are notified by the Foreign TSO within the required time period and following the format specified below.

The Foreign TSOs submit the grid constraints as soon as possible after May 15th but no later than the Gate Closure Time for Bid Submission of the year in which the Pre-Auction takes place.

ELIA shall not be liable for the correctness of the content of these external grid constraints, nor for their calculation. ELIA does not bear any liability for the calculation methodology, the calculated results. ELIA is only responsible for the correct application of the received information.

An external grid constraint shall take the form of a combination of a number of defined CMUs that would lead to an unacceptable Pre-Auction result. The table below illustrates the case, listing the non-acceptable combinations for three CMUs:

CMU 1	CMU 2	CMU 3	Reason for non-acceptability of combination
1	1	0	For example, no connection possibility for CMU1 and CMU2 at the same time
1	0	1	For example, no sufficient space at substation X

Table: Illustration which summarizes 2 grid constraints for 3 CMUs in a table format

The grid constraints presented in this table are combined into a combination matrix with Admitted CMU infeasible combinations in the smallest set possible in order to avoid redundant information.

4.2.3 Pre-Auction clearing methodology

The Pre-Auction clearing methodology consists of two phases: the “optimization phase”, which is performed in any case, and the “tie-breaking phase” in case multiple combinations of bids results from the optimization phase.

Optimization phase

In each Pre-Auction, ELIA pursues the combination of Bids with minimal cost, for which the sum of the Bid volumes of all Bids considered in the combination does not exceed the MEC. The cost is calculated as the sum of two elements:

- The first element is calculated as the Bid Volume multiplied by the Bid Price, summed over all Bids considered in the combination;
- The second element is calculated as the product of the penalty factor and the difference between the volume of the MEC and the Bid Volume, summed over all Bids considered in the combination. The penalty factor is equal to the Global Auction Price Cap increased with one EUR/MW/year.

In case multiple combinations of Bids are equivalent in terms of cost, ELIA pursues the combination of Bids that results in the highest capacity volume calculated as the sum of the volumes of all Bids retained in the combination.

The penalty factor ensures that not selecting any capacity is not an optimal solution, as this would indeed not exceed the MEC and limit the cost of the selected bids. At the same time, the penalty factor also prevents that a large price is paid for selecting a limited amount of additional volume. To demonstrate this, consider the following example:

A MEC of 100MW and a global auction price cap of 40k Eur.

- Solution A: Selected bid volume of 99MW with a cost of 100k Eur
- Solution B: Selected bid volume of 100MW with a cost of 150k Eur

If the penalty factor is set too high and because the MEC is not exceeded in both solutions, solution B would be selected. However, the difference in volume is only 1MW while at the same time, the difference in cost is 50k Eur. By selecting Solution B, a price of > 40k Eur (=GAPC) would be paid in order to select only one additional MW. Given that the GAPC denotes the maximum price that can be paid for a single MW, this is not acceptable. However, by including the penalty factor and setting it right above the GAPC at GAPC + 1 Eur, this situation will be prevented.

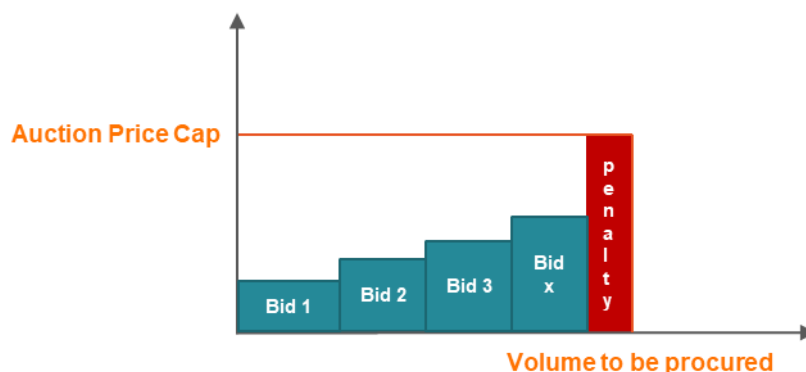


Figure 2 - Cost Minimization with Penalty illustration

The algorithm selects the bids 1 through x that minimize the total area under the curve. The total area under the curve consists of the sum of the different bids, as well as the penalty incurred for the volume of the selected bids being smaller than the volume to be procured, which is penalized at the Auction Price Cap + 1 EUR.

Tie-breaking phase

The following tie-breaking rules apply sequentially, until one unique combination of Bids is retained. When a unique combination is found, the Pre-Auction clearing is finished and all Bids within this combination of Bids are selected.

1. Tie-breaking rule 1: Carbon dioxide emissions

Preference is given to the combination of Bids that is characterized by the lowest carbon dioxide emissions (CO₂), calculated as the Bid volume weighted average of the emission factors (in gCO₂/kWh) of the CMUs to which the Bids considered in the combination relate.

2. Tie-breaking rule 2: First come, first served

The “first come, first served” rule applies as follows:

- a) all unique Bids within all remaining combinations of Bids are sorted according to their Bid submission time;
- b) based on the sorted list of Bids, from the first submitted Bid to the last submitted Bid:
 - i. ELIA discards the combination(s) of Bids that do not include the first submitted Bid.
 - ii. ELIA continues the process of discarding combinations of Bids with the next submitted Bids until only one combination of Bids remains.

4.2.4 Pre-Auction results and transfer of Bid to Auction

The results of the Pre-Auction (Bids selected) are binding. In the case an offer is selected in the Pre-Auction and if the CRM Candidate is successfully prequalified, it will be transferred to the Auction.

In case the CMU fails a Prequalification check, or in case the (Remaining) Eligible Volume is lower than the Bid selected in the Pre-Auction, the Prequalification File is rejected, and the Bid will not be transferred to the Auction. However, the volume of the Bid will then be counted upon implicitly, so that there is no impact on the Demand Curve of the Auction.

In order to enable the CREG to effectively exercise its power of validation of results of the Auction, in accordance with the Royal Decree of 30 May 2021 on the determination of the detailed monitoring rules for the proper functioning of the Capacity Remuneration Mechanism, ELIA shall send to the CREG, no later than ten Working Days after the Bid submission deadline for the Pre-Auction, all of the required information relating to the Bids submitted, including the same information as for Belgian CMUs in the Auction.

Upon finalization of the Pre-Auction clearing, ELIA submits the list of selected Bids to the CREG for information, which also the same information as the list of selected bids for Belgian CMUs in the Auction. The list of selected Bids is also communicated with the Foreign TSOs. This information will not be made public until the Auction report.

5 PREQUALIFICATION PROCESS

The Prequalification Process can only be followed by all Indirect Foreign Capacities that have been selected in the Pre-Auction. Any Indirect Foreign Capacity that has successfully been selected in the Pre-Auction must provide all remaining documents that are required for Prequalification and which the CMU declared to provide during the Admission Process by June 30.

A Data transfer from the Admission Process File to the Prequalification Process File is applied for the Cross Border participation to ease the operational process for Indirect Foreign Capacity.

For Indirect Foreign CMUs, there is only a single type of Prequalification Process that can be followed: the Standard process.

5.1 Prequalification Schedule

There is a slightly different schedule for Foreign CMUs during Prequalification: the deadline for Prequalification File submission (June 15) remains in order to participate to the Primary Market⁶, but only the transfer of the Admission File to the Prequalification File should be done by this point. A deadline 30 June is applicable for Indirect Foreign CMUs for the submission of all further documents required which they committed to provide during the Admission Process.

The process of Permit verification should be done before the start of the Auction process. (See section 5.2).

5.2 Permit Verification

The process of permit verification is different for a Foreign CMU. Fulfilling the permit requirement is an eligibility criterion to respect to participate in the Belgian CRM. The Foreign CMU should submit a Permit verification report which contains the permits required for the participation to the Belgian CRM and in which a publicly certified and sworn expert confirms all necessary licenses/permits for the construction and operation of the project have been obtained. The publicly certified and sworn expert confirms that these licenses/permits are definitive, enforceable and cannot be legally challenged on the basis of all known facts at the time of the submission of the permit report.

As part of their participation in the Auction, Indirect Foreign CRM Candidates must provide the required permits to which they committed themselves during the Admission Procedure as soon as possible before the deadline for submission of the Offer, preferably before 31 August, so that the control of the permits required in accordance with the Electricity Act can be carried out accurately.

The permit verification report should be sent to the Foreign TSO of their control zone for a verification. Once the Foreign TSO has processed the verification. The Foreign TSO confirms to ELIA that all verifications have been duly made and send all the permits and the permit verification report to ELIA before September 30.

5.3 Application form

Foreign CMUs that have passed the Admission Process successfully have already submitted their application form and received an approval. Hence, it is not necessary to provide the application form again, nor will it be validated again.

5.4 Prequalification file

The Prequalification file consists of the same fields as during Admission Process, adapted on a per country basis. All data provided during Admission Process will be automatically filled in in the final Prequalification File and cannot be changed anymore by the Foreign Candidate. For all fields where a declaration "to provide document/..." has been agreed to by the Indirect Foreign Capacity Provider during Light PQ, the Capacity Provider should provide the required documents/input.

If the (Remaining) Eligible Volume⁷ of the CMU of an Admitted Foreign CRM Candidate is smaller than the value of the Bid of the same CMU selected in the Pre-Auction, the Prequalification File of this Indirect Foreign CRM Candidate is rejected.

5.5 Volumes Determination

The Nominal Reference Power for Foreign Existing CMUs is now calculated based on metering data in the same way this is done for Belgian Existing CMUs. This new value for the NRP is final and supersedes the declaration-based approach during Admission Process.

The Eligible Volumes, Remaining Eligible Volumes and the Secondary Market Remaining Eligible Volume are calculated based on the calculated Nominal Reference Power determined in the Prequalification Process.

For Foreign Additional CMUs, a Declared NRP is still used, so there is no need for a new calculation during Prequalification.

⁷ The (Remaining) Eligible Volume is determined in accordance with section 17.5.4 of the Functioning rule published on Elia website the 15 of May 2024. The versions submitted to the CREG by Elia the 1st of February 2024 is available on Elia website:

English translation version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_en.pdf

French version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_fr.pdf

Dutch version: https://www.elia.be/-/media/project/elia/elia-site/users-group/ug/wg-adequacy/2024/20240201_crm_functioningrules_nl.pdf

6 AUCTION PROCESS

The Auction process for Foreign CMUs is identical to the Auction process for Belgian CMUs except that the bid is automatically transferred from the Pre-Auction, with the same parameters (volume and price). So, there is no "bid entering in the auction" by the Indirect Foreign CRM Candidate itself.

The bid price submitted during the Pre-Auction could be lowered in the automatic transfer process if the two following conditions are fulfilled:

1. The bid price submits during the Pre-Auction is higher than the IPC of the Auction for that Delivery Period; and
2. The IPC Derogations is refused by the CREG (and no timely appeal has been filed by the Foreign Candidate).

In this case, the bid price is set equal to the IPC level.

No grid constraints are to be taken into account for Foreign CMUs, as these have already been taken into account during the Pre-Auction. Hence, no grid constraints across borders are possible.

6.1 Adaptations and corrections of the Demand Curve

If during the Y-1 Pre-Auction, the entire maximum volume to be procured was not filled (can be either due to lack of volume bid into the Pre-Auction or incompatibility of the bids or bid volumes), the remainder of this volume is assumed to be implicitly present. Hence, a downwards volume correction of the Demand Curve with this implicitly present volume is required.

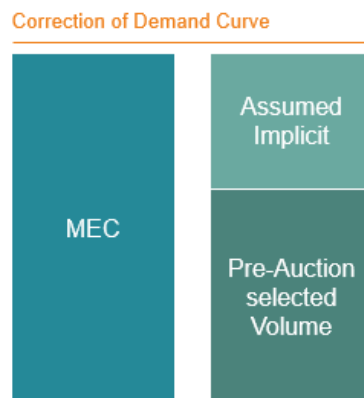


Figure 3 - Correction of Demand Curve with Implicit Volume

Figure 3 - Correction of Demand Curve with Implicit Volume illustrates this. During the Y-1 Pre-Auction, not the entire MEC was procured. Hence, the difference between the MEC and the volume submitted in the Auction is counted on as being implicitly present. This volume is used to correct the Demand Curve.

7 CAPACITY CONTRACT SIGNATURE

When a Transaction is confirmed, either consecutive to a selection of a Bid in the Auction or following a validation of a transaction on the Secondary Market, a Capacity Contract needs to be signed between the CRM Actor and ELIA. If a Capacity Contract has already been concluded for this CMU, the confirmation of a Transaction subsequent to the date of the conclusion of the contract will require that the Contract be amended.

The Capacity Contract to be signed corresponds to the latest version of the capacity contract, approved by the CREG and published on the Transaction Validation Date.

8 PRE-DELIVERY CONTROL

8.1 Pre-delivery period definition

A Pre-delivery Period always relates to one Delivery Period. A Pre-Delivery Period starts with the publication of the Auction results for the corresponding Delivery Period and ends with the start of the Delivery Period.

The CMUs for which a Capacity Contract is concluded following a Y-1 Auction or upon validation of a Transaction on the Secondary Market are subject to all control modalities that still remain for the Pre-delivery Period linked to the Delivery Period concerned.

8.2 Pre-delivery modalities for Existing Foreign CMUs

Similar to Belgian CMUs, at moment of control (i.e., on October 31 Y), Foreign CMUs will need to prove their Pre-delivery Obligation by means of a calculation based on either historical data or a dedicated test, where the latter is only carried out at the request of the Capacity Provider. Moreover, in case of a test, the foreign TSO can request to modify the timing in case of grid stability and/or congestion issues.

The permit report needs to be provided at the moment of control. These permit reports contain all relevant information for the country or area in question. If necessary, the analysis of the permit report takes place with support of the foreign TSO.

For existing units for which a permit verification has already been carried out during the Prequalification, no additional examination of the permits is required provided that the permits have not reached their expiry date and have not been subject to any modification.

8.3 Pre-delivery modalities for Additional CMUs

Similar to Belgian CMUs, at the moment of control (i.e., October 31 Y), the verification of the Pre-delivery Obligation takes place based on the submitted quarterly report. The information that needs to be included for Foreign CMUs, as well as the template that needs to be followed, are identical to those for Belgian CMUs.

The information with regards to permits in the quarterly reports provide all necessary elements for the country or area in question. The analysis of the elements related to the permits takes place with support of the foreign TSO.

At the moment of control (October 31 Y), the Additional CMU needs to have become Existing, and the verification of its Pre-delivery Obligation takes place as described above. The CMU must prove it holds all permits and licenses to participate in the CRM. The process for submitting permits is similar to that for Prequalification. The Foreign CRM Candidates must have their permits certified by a publicly certified and sworn expert before sending the permit reports to the relevant Foreign TSO of their control Zone.

The procedure to change from Additional to Existing is identical to the one for Belgian CMUs. All the additional CMU need to become Existing CMU prior by the start of the transaction period (i.e., at the moment of control October 31 Y).

8.4 Delays in Infrastructure Works

In case of an Additional Foreign CMU, similar to Belgian CMUs, if the Capacity Provider becomes aware of delays in Infrastructure Works when these have been duly notified during the Prequalification Process and said delay has an impact of more than 2 months on the start of the delivery of capacity, he can notify Elia by means of its quarterly reports.

ELIA may request additional information from the Capacity Provider or the foreign grid operator in question.

Upon a correct notification of delays in Infrastructure Works, the same operational procedure as for Belgian CMUs is applied.

8.5 Pre-delivery control penalties

A delay in Infrastructure Work does not give rise to the application of pre-delivery penalties. However, in case Missing Volumes are determined, penalties are applied in the same way as for Belgian CMUs.

8.6 Processes to follow prior to the start of the Transaction Period

Identical to the process for Belgian CMUs, Capacity Providers of foreign CMUs must provide ELIA with their initial Declared Day-ahead Price as well as their initial NEMO. For the latter, the choice can be any NEMO in the respective bidding zone of the CMU.

9 AVAILABILITY OBLIGATION

The Availability Obligation process makes the distinction between Daily Schedule and Non-daily Schedule CMUs on the one hand, and Energy Constrained and Non-energy Constrained CMUs on the other.

With regards to Daily Schedules CMUs, ELIA considers a Foreign CMU to be (Non-)daily Schedule when it has been identified as such in the Prequalification Process.

With regards to Energy Constrained CMUs, ELIA considers a Foreign CMU to be (Non-)energy Constrained when it has been identified as such in the Prequalification Process.

9.1 Unavailable Capacity and Scheduled Maintenance

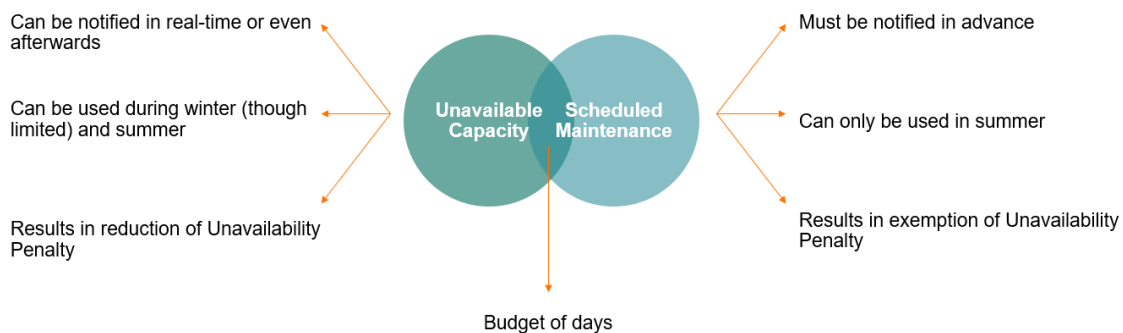
Identical to Belgian CMUs, foreign CMUs have to notify ELIA of any Unavailable Capacity that he becomes aware of during the Delivery Period.

The notification of Unavailable Capacity, as well as whether the Capacity Provider wants to apply the notification as Announced Unavailable Capacity or Unannounced Unavailable Capacity takes place via the CRM IT interface for all Foreign CMUs whether they are Daily Schedule or not. Using Announced Unavailable Capacity leads to a reduction of any Unavailability Penalties that might ensue from the Availability Obligation process but can only be used a limited amount of days. Unannounced Unavailable Capacity does not lead to a reduction but can be used without limit.

A notification of Unavailable Capacity (regardless of whether it is classified as Announced or Unannounced) results in a Remaining Maximum Capacity. The Remaining Maximum Capacity is subsequently used in the remainder of the Availability Obligation process, identical to the ones for Belgian CMUs.

Identical to Belgian CMUs, foreign CMUs have the ability to notify ELIA about any Scheduled Maintenance that is planned during the Delivery Period. This notification is submitted through the CRM IT Interface for all foreign CMUs. A correct notification of Scheduled Maintenance leads to an exemption of Unavailability Penalty but can only be used a limited amount of days (20). It should be noted that this last element was recently introduced in the CRM Functioning Rules and is subject to approval by the CREG.

The distinction between Unavailable Capacity and Scheduled Maintenance is illustrated by the figure below:



Finally, all Foreign CMUs, irrespective if they have a Daily Schedule obligation or not, that notify Scheduled Maintenance to ELIA submit this notification following the modalities set out for CMUs without Daily Schedule.

9.2 AMT Moments

AMT Moments take place when the Belgian Day-ahead Market Price exceeds the AMT Price, regardless of the country/control zone in which the foreign CMU is located.

It is worth highlighting that the notification of an AMT Moment based on Belgian prices does not necessarily translate in an activation of foreign CMUs. In case of less elevated prices in neighbouring countries, foreign CMU’s capacity can count as Unproven Availability, which does not lead to an Unavailability Penalty.

9.3 Availability Monitoring

Determination of the Obligated Capacity

Obligated Capacity is determined identically to Belgian CMUs.

For Energy-constrained foreign CMUs during the determination of the SLA Hours, in case of equal amounts of average Measured Power, ELIA selects the set of AMT Hours that contains the hour with the highest observed Belgian Day-ahead Market Price.

Determination of the Available Capacity

Available Capacity for Daily Schedule foreign CMUs is determined identically to Belgian CMUs.

Available Capacity for Non-daily Schedule foreign CMUs is determined, identically to Belgian CMUs, via the framework of the Declared Prices. The Declared Price reflects the price threshold above which the unit activates on the energy market. The exceeding of this Declared Price is monitored via the local NEMO selected by the Capacity Provider, and results in a Required Volume, which is then checked. In short, the methodology is the same as for Belgian CMUs, but the reference price is based on the local Day-Ahead price.

The figure below illustrates the difference between the application of the Belgian Day-ahead Market Price on the one hand and the NEMO that has been selected by the foreign Capacity Provider on the other.

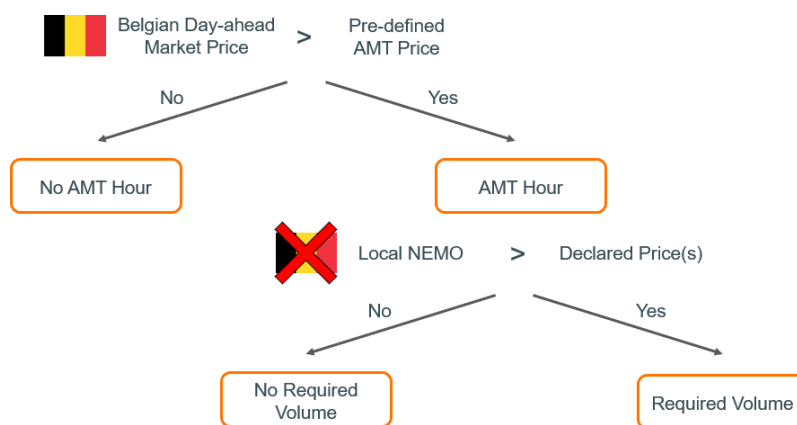


Figure 4 - Flowchart to determine the Required Volume

Along with the selection of NEMO, the initial declaration of Declared Price needs to take place before the end of the Pre-delivery Period (cfr. supra), but these can be adapted throughout the Delivery Period via the CRM IT interface.

Corrections on the initial Proven Availability (in case of Daily Schedule CMUs), Active Volume or Passive Volume (in case of Non-daily Schedule CMUs) only take place insofar data with regards to frequency-related ancillary services and redispatching services can be made available by the foreign TSO.

During the determination of Available Capacity for Non-daily Schedule Foreign CMUs, initial Active and initial Passive Volume is calculated based on metering data provided by the Foreign TSO on Delivery Point level.

9.4 Availability Testing

Foreign CMUs are subject to the same classified methodology testing regime based on the indicators in section 9.5.1.1 in the Functioning Rules.

When a Foreign CMU is selected for an Availability Test the relevant TSO is notified. In case of grid stability and/or congestion issues, the foreign TSO can request an alternative day for the Test.

Determination of the Obligated Capacity

Obligated Capacity is determined identically to Belgian CMUs.

Determination of the Available Capacity

The initial Available Capacity is calculated based on metering data provided by the foreign TSO on Delivery Point level. Corrections on the initial Available Capacity only take place insofar data with regards to frequency-related ancillary services and Redispatching services can be made available by the foreign TSO.

9.5 Missing Capacity and Unavailability Penalty

Missing Capacity is determined identically to Belgian CMUs.

In case of Missing Capacity, Unavailability Penalty and penalty escalation procedures are determined and carried out identically to Belgian CMUs.

10 SECONDARY MARKET

The Secondary Market can be accessed by Foreign CMUs as of the moment they are Prequalified, but at the earliest after the publication of the results of the Y-1 auction organized in 2024.

An Admitted CRM Candidate has no access to the Secondary Market, as a full Prequalification is required. On the other hand, the Admission Process is not required to be followed by a Foreign Capacity Holder when it only wants to participate in the Secondary Market as the Buyer of an Obligation. In this case, the Foreign Capacity Holder can directly proceed to the Prequalification process.

Secondary Market transactions are possible between all CMUs. When transactions take place between CMUs located in the same country, no additional restrictions apply and the Secondary Market rules that already apply for Belgian CMUs, are to be considered. However, for Secondary Market transactions involving a Buyer of an Obligation in an adjacent European country to Belgium and a Seller of an obligation in another country (in Belgium or in another adjacent European country to Belgium), an additional constraint applies, i.e., the Remaining Maximum Entry Capacity constraint.

Remaining Maximum Entry Capacity constraint

In addition to the regular Secondary Market provisions, if a Buyer of an Obligation notifies a transaction for a Foreign CMU and if the transactions occurs across a border (from a Seller in a certain country to a Buyer in an adjacent European country to Belgium), the Secondary Market Capacity is limited to the Remaining Maximum Entry Capacity on the applicable border between Belgium and the adjacent European country where the Foreign CMU of the Buyer of the Obligation is located.

$$\text{Secondary Market Capacity} \leq RMEC(\text{border}, TP, t_{notif})$$

The Remaining Maximum Entry Capacity constraint applies to ensure that the volume of indirect Foreign capacities that contributes to Belgium's Security of Supply (and receives a remuneration for doing so) does not surpass the Maximum Entry Capacity as calculated during the calibration process. The calibration of the Maximum Entry Capacity takes into account physical constraints, but also the availability of indirect foreign capacities on adequacy-relevant moments for Belgium.

The volume of Indirect Foreign Capacities that is considered to contribute to Belgium's Security of Supply can come from two sources. On the one hand, there is the explicit contribution from Indirect Foreign Capacities that are contracted in the Auction. On the other hand, there is also the implicitly considered contribution from Indirect Foreign Capacities in case of insufficient interest of Indirect Foreign Capacities to participate to the Belgian CRM via the Pre-Auction or in case capacities drop out during the Prequalification Process after being selected in the Pre-Auction. The implicit consideration of Indirect Foreign Capacities is taken into account via a correction of the Auction Demand Curve.

After consideration of the implicit contribution of Indirect Foreign Capacities to Belgian SoS, only the remaining part is available for explicit contributions (taken up via the Auction or afterwards transferred on the Secondary Market). This is the underlying basis for the calculation of the Remaining MEC.

For each border, the Remaining Maximum Entry Capacity is calculated as follows:

$$\begin{aligned}
 RMEC(border, TP, t_{notif}) & \\
 &= \text{Max}(0; \text{Foreign volume selected in Auction}(border, TP, t_{notif}) \\
 &\quad - \text{Total Contracted Capacity}_{max}(border, TP, t_{notif}))
 \end{aligned}$$

Where:

- *border* is the border between Belgium and the adjacent European country.
- *TP* is the Transaction Period of the Secondary Market transaction.
- *t_{notif}* is the moment at which ELIA acknowledges reception of the notification.
- *Foreign volume selected in Auction(border, TP, t_{notif})* is the total Bid volume of all Foreign CMUs located in the adjacent European country selected in the Y-1 Auction over the Transaction Period *TP* at the moment of the notification *t_{notif}*;
- *Total Contracted Capacity_{max}(border, TP, t_{notif})* is the maximum Total Contracted Capacity of all Foreign CMUs located in the adjacent European country over the Transaction Period *TP* at the moment of the notification *t_{notif}*.

Fictive Example

Assume that:

- the calculated MEC between Belgium and Germany amounts to 100MW; and
- 80MW of German Indirect Foreign Capacity participates to the Pre-Auction and gets selected; and
- all German Indirect Foreign Capacities successfully prequalify.

In the Demand Curve corrections right before the Auction, a downward reduction of 20MW will be considered as implicit contribution from German Indirect Foreign Capacities. Not doing such reduction would mean that we would contract 20MW more of Belgian capacities, whereas the MEC calculation illustrates that there will be an extra contribution from German Indirect Foreign Capacities of 20MW.

If in the Auction 80MW of German CMUs is selected and assuming that all German CMUs also sign their Capacity Contract (as they commit themselves to by submitting a Bid in the Auction), the **RMEC at this moment will be zero MW.**

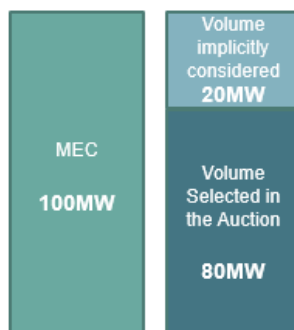


Figure 5 - Illustration of the fictive example

A German Capacity will always be able to buy an Obligation from a German CMU. However, a German Capacity will be able to buy an Obligation from another border if and only if German CMUs have traded away obligations to CMUs located abroad resulting in a positive RMEC.

11 FINANCIAL SECURITIES

The Financial Security modalities for Foreign CRM Candidates are the same as for Belgian CRM Candidates, but are to be provided earlier in the process, in-line with the timings of Admission Process and Pre-Auction.

Since the bid that is submitted into the Pre-Auction is final, a Financial Security is to be submitted and verified before the bid submission in the Pre-Auction. The deadline for the submission of the Financial Security is May 10.

The Foreign CRM Candidate is free to anticipate the Secured Amount required to participate in the Pre-Auction, i.e., the Secured Amount that must be covered on the Bid submission deadline in Pre-Auction.

11.1 General Provisions regarding the Financial Security Obligation

Foreign CRM Candidates are subject to the same Financial Security provisions. The Financial Security obligation applies for both a Primary and Secondary Market transaction.

11.2 Validity Period

The Validity Period for a Foreign CMU participating to the Pre-Auction starts on the date of the Pre-Auction Bid submission deadline, i.e., May 25. The start of the Validity Period for a transaction on the Secondary Market is the same as for Belgian CMUs.

The end date of the Validity Period is the same as for Belgian CMUs and also depends on the status of the CMU (Existing or Additional).

11.3 Types of Financial Securities

The same types of Financial Securities are permissible for Foreign CMUs as for Belgian CMUs, being a bank guarantee, an Affiliate guarantee, or a cash payment. For these types of Financial Security, the same requirements are applicable as for Belgian CMUs.

11.4 Secured Amount

For any moment which is part of one or more Validity Period(s) of a CMU, the Secured Amount for a CMU (expressed in €) is calculated by multiplying the Required Level (expressed in €/MW) with the Volume to be Guaranteed (expressed in MW).

Required Level

The Required Level, determined at CMU level, in function of the status of the CMU, is the same as for Belgian CMUs.

For an Existing CMU, the Required Level equals 10,000 €/MW.

For a New Build CMU, the Required Level of Financial Security equals:

- 20,000 €/MW; or
- 15,000 €/MW from the moment the “Permitting Milestone” has been reached during the Pre-delivery Period or when the “Permitting Milestone” is not applicable.

For any other Additional CMU, the Required Level of Financial Security equals 11,000 €/MW.

Volume to be Guaranteed

The Volume to be Guaranteed is calculated based on the Maximum Expected Contracted Capacity for a moment and is calculated in the same way as for Belgian CMUs. For a Foreign CMU participating to the Pre-Auction, the Bid volume is considered for the volume to be guaranteed, under the assumption that the Bid will be selected in the Pre-Auction and so has to be covered for.

11.5 Call upon the Financial Security

The Financial Security for Foreign CMUs can be called upon by ELIA according to the same modalities that apply for Belgian CMUs. In practice this means as of the Transaction Validation Date and when the following penalties remain unpaid:

- the financial penalties resulting from the pre-delivery control; or
- the penalty due in the event of the non-signature of the Capacity Contract.

Also, the procedure to be followed to call upon the Financial Security is the same as for Belgian CMUs.

11.6 Additional moment of release

A full or partial release of a Financial Security is possible at certain defined moments, identical to the moments for Belgian CMUs. However, there is an additional moment of release for Foreign CMUs, namely after the Pre-Auction. Two processes can occur here:

1. The Foreign CMU has been selected, but with a lower Volume than their Maximum Expected Contracted Capacity. Here, a partial release can occur to bring the Volume to be Guaranteed in line with the selected Bid Volume.

2. The Foreign CMU has not been selected in the Pre-Auction. A full release will occur.

12 PAYBACK OBLIGATION

The Payback Obligation modalities for Foreign CMUs are identical to those for Belgian CMUs, with a few aspects to be highlighted.

The Payback Obligation applies to all Foreign CMUs when their Reference Price exceeds the Strike Price. It is calculated based on (among others):

- The Reference Price, in €/MWh; and
- the Strike Price, in €/MWh.

Reference Price

For Foreign CMUs, the Reference Price used to determine the Payback Obligation is based, similar to Belgian CMUs, on the NEMO active in their own country which in turn is chosen by the Foreign CMU. These NEMO's can be different compared to the NEMO's active in Belgium (in line with § 826 of latest version of the CRM Functioning Rules). Thus, for Foreign Capacities participating to the BE CRM, their chosen NEMO and thus Reference Price might differ from a NEMO active in the BE Market. As such, it does not influence in any way the calculation of the Payback Obligation.

Strike Price

The Strike Price on the other hand is applicable in the same way to Belgian and Foreign CMUs and does not change depending on the region to make sure that a level playing field is kept between Belgian and Foreign CMUs. It is used to calculate the Payback Obligation in the same way as for Belgian CMUs. The determination of the Strike Price (or its replacement by the DMP) which will be used for the determination of the Payback Obligation depends on the status of the CMU having a Daily Schedule or not. Foreign CMUs are considered with or without a Daily Schedule in function of their input in the Prequalification process.

The actualization of the Strike Price takes place based on the evolution of the BE Day-Ahead Market and does not differ between the different countries for which capacities participate to the CRM. The modalities for all of these aspects remain the same leading de facto to the same strike price used for the calculation of the Payback Obligation (when it is not replaced by the DMP).

Both of these are used in the following formulas of the Payback Obligation determination (depending on the status of the CMU):

- For a Non-energy Constrained CMU:

$$\begin{aligned} \text{Payback Obligation } (CMU_{id}, Transaction_{id}, t) &= (Reference Price (CMU_{id}, t) - Strike Price(CMU_{id}, Transaction_{id}, t)) \\ &* Contracted Capacity (CMU_{id}, Transaction_{id}, t) \\ &* Min(Availability Ratio (CMU_{id}, t); Activation Ratio (CMU_{id}, t)) \end{aligned}$$

- For an Energy Constrained CMU's ex-ante Transaction:

$$\begin{aligned} \text{Payback Obligation } (CMU_{id}, Transaction_{id}, t) &= (Reference Price (CMU_{id}, t) - \\ &Strike Price(CMU_{id}, Transaction_{id}, t)) * \frac{Contracted Capacity (CMU_{id}, Transaction_{id}, t)}{Derating Factor(Transaction_{id})} * \\ &\left(\frac{Nominal Reference Power (CMU_{id}, Transaction_{id}, t) - \sum_{i=1}^n Nominal Reference Power DSM DP_i (CMU_{id}, Transaction_{id}, t)}{Nominal Reference Power (CMU_{id}, Transaction_{id}, t)} \right) * \\ &Min(Availability Ratio (CMU_{id}, t); Activation Ratio (CMU_{id}, t)) \end{aligned}$$

- For an Energy Constrained CMU's ex-post Transactions:

$$\text{Payback Obligation } (CMU_{id}, \text{Transaction}_{id}, t) = (\text{Reference Price } (CMU_{id}, t) - \text{Strike Price } (CMU_{id}, \text{Transaction}_{id}, t)) * \text{Contracted Capacity } (CMU_{id}, \text{Transaction}_{id}, t) * \left(\frac{\text{Nominal Reference Power } (CMU_{id}, \text{Transaction}_{id}, t) - \sum_{i=1}^n \text{Nominal Reference Power DSM DP}_i (CMU_{id}, \text{Transaction}_{id}, t)}{\text{Nominal Reference Power } (CMU_{id}, \text{Transaction}_{id}, t)} \right) * \text{Min}(\text{Availability Ratio } (CMU_{id}, t); \text{Activation Ratio } (CMU_{id}, t))$$

13 LIABILITY AND FORCE MAJEURE

No changes required to Liability and Force Majeure. Belgian law is also applicable for Cross Border Participation.

14 DISPUTE RESOLUTION

No changes required to Dispute Resolution as this was already written to work in a Cross Border Participation context.

15 FALLBACK PROCEDURES

Next to the Design changes already mentioned in this design note, there are a number of Fallback Procedures that are to be added or changed in the context of Cross Border Participation, both due to the involvement of the Foreign TSO, as well as the additional processes required (Admission Process & Pre-Auction). Furthermore, all applicable Fallback Procedures are valid by sending an e-mail to the appropriate mail address of the applicable Foreign TSO or ELIA.

Admission Process

For Admission Process, the same fallback procedures are to be used as described for the Prequalification process applicable to domestic capacities.

Pre-Auction

For Pre-Auction, the same fallback procedures are to be used as described for the Auction process but considering the specific timings of the Pre-Auction.

Prequalification Process

For Foreign CMUs, the same fallback procedures are to be used as described for the Prequalification process applicable to domestic capacities.

Auction Process

No changes to the fallback procedures during the Auction Process.

Pre-delivery Control

For the Pre-delivery test fallback procedure, the pre-delivery test is to be requested through the Foreign TSO by e-mail instead of through the CRM IT interface.

Availability Monitoring

For the Pre-delivery test fallback procedure, the availability test is to be requested through the Foreign TSO by e-mail instead of through the CRM IT interface.

Secondary Market

No changes required to the fallback procedures for Secondary Market.

Financial Securities

No changes required to the fallback procedures for Financial Securities.

16 TRANSPARENCY AND MOTIVATION

There are no major changes to the Transparency and Motivation in the context of participation of Foreign CMUs. However, there are additional processes and data points that are included to comply with the transparency obligation. Furthermore, there are certain aspects that are not relevant for Cross Border Participation, such as the “Opt-out Volumes” for Foreign CMUs in the Auction report.

Pre-Auction Results

For each conducted Pre-Auction, ELIA publishes a Pre-Auction report on its website by October 31 at the latest. The Pre-Auction Report only contains the results of the Pre-Auction, with the same information as the results of the Auction:

- Submitted Bids: bid and capacity volume information.
- Selected Bids: bid, Pre-Auction price and Capacity Volume information.

All others

The Prequalification Results, Auction Report, Pre-delivery Activity Report, and the Yearly Report before the start of the Delivery Period do not require any adaptations and will also include all of the Foreign CMUs.