



Overview of Belgian CRM Design: list of definitions

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1 Introduction and Context

Introduction

For the different methodologies and rules that Elia has to propose, a wide range of definitions are required. At this stage in the process characterized by multiple design notes referring regularly to the same concepts, Elia has opted for a glossary with proposed definitions.

At a later stage, when formalizing the final proposals, these definitions will be integrated into the different deliverables, such as Elia's proposal for Market Rules or Elia's proposal for methodology in a Royal Decree.

For reasons of completeness and informational purposes only, the list of definitions also foresees the relevant terms already defined in the Electricity Law or elsewhere. For these definitions a non-official English translation made by Elia is provided for the sake of clarity. These definitions foreseen in the Electricity Law are clearly marked in the table (marked by an asterisk (*) and included in red & italic). Obviously, by no means, those definitions already defined by the Electricity Law can be altered as a consequence of the public consultation of these CRM design notes.

At the end of this document also a list of abbreviations is provided.

About the public consultation

This proposal for definitions is put for formal public consultation and any remark, comment or suggestion is welcomed. It builds further on the discussions and proposals already made in the different TF CRM meetings gathering all relevant stakeholders and in the follow-up committee, the latter consisting of representatives of the CREG and Elia, under the presidency of the FPS Economy.

This public consultation runs in parallel with a public consultation on other design notes. Reactions to this public consultation can be provided to Elia via the specific submission form on Elia's website no later than Friday 11 October 2019 at 6 pm.

Early October also a second set of design notes will be launched by Elia for public consultation.

Note that, in line with their roles and responsibilities and the foreseen governance in the Electricity Law, also the FPS Economy and the CREG will consult on aspects within their competence according to their procedures.



2 List of Definitions

Term	Definition
Aggregation*	<i>According to Directive (EU) 2019/944, article 2, 18°: a function performed by a natural or legal person who combines multiple customer loads or generated electricity for sale, purchase or auction in any electricity market.</i>
AMT Hour	An hour for which the DAM price equals or exceeds the AMT Price and during which Availability Monitoring can occur.
AMT Moment	A series of consecutive AMT Hours.
AMT Price or p_{AMT}	The ex-ante defined price level for a Delivery Period equal to or above which the AMT Hours are determined.
Auction*	<i>According to the Electricity Law, article 2, 73°, the competitive process in which Capacity Holders are offering a price for making available capacity.</i>
Available Capacity	The CMU's capacity that is deemed available during an AMT Hour as a result of the Availability Monitoring Process or the Availability Testing. Available Capacity can consist of both Proven Availability and Unproven Availability.
Availability Monitoring Mechanism	The mechanism that monitors whether the CMU's Available Capacity equals at least its Obligated Capacity during AMT Hours as referred to in article 7undecies § 7 of the Electricity Law.
Availability Monitoring Trigger (AMT)	A pre-defined trigger price, expressed in €/MWh, in a predefined market segment, equal or above which the Obligated Capacity of a CMU is being monitored.
Availability Obligations	The obligation of a CMU to have an Available Capacity that equals at least its Obligated Capacity during AMT Hours.
Availability Testing	The mechanism based on which CMUs have to demonstrate their availability by actually delivering energy upon request of the Transmission System Operator. During Availability Testing it is monitored whether the CMU's delivered energy equals at least its Obligated Capacity.
Bid	Offer made by a CRM Candidate (in EUR/kW/year) in the Auction, relating to a single CMU.
Bid Cap	A maximum Bid Price (in EUR/kW/year) that can be made for a Bid in the CRM auction.

Bid Price	The price expressed in EUR /kW/year at which CRM Candidates are offering a Bid in the Auction.
Capacity Category*	<i>According to the Electricity Law, article 2, 84°, the category including capacities that are distinguished by the eligible total Investment Thresholds to which different Capacity Contract Durations are linked, during which the Capacity Provider is entitled to a Capacity Remuneration. The different categories that are foreseen in the CRM design are 1-year, 3-years, 8-years and 15-years as referred to in article 7undecies § 7 of the Electricity Law .</i>
Capacity Contract	A contract signed between a Capacity Provider and the contracting counterparty that determines the rights and obligations for both parties as referred to in article 7undecies § 7 of the Electricity Law.
Capacity Contract Duration	The number of Delivery Periods during which the Capacity Provider can receive a Capacity Remuneration. The Capacity Contract Duration cannot exceed the maximum duration assigned to their Capacity Category as determined during the Prequalification Process and is approved by the regulator for each CMU requesting a multi-year contract.
Capacity Holder*	<i>According to the Electricity Law, article 2, 74°, every natural person or legal entity that can offer a certain level of capacity, either on an individual or aggregated basis.</i>
Capacity Market Unit (CMU)	One Delivery Point or a combination of Delivery Points, built in order to participate in the CRM. It is the outcome of a positive Prequalification Process and corresponds to the level where the Service is effectively delivered and monitored.
Capacity Provider*	<i>According to the Electricity Law, article 2, 75°, every Capacity Holder selected after closing of the Auction and that will keep available a capacity during the Delivery Period in return for a Capacity Remuneration.</i>
Capacity Remuneration*	<i>According to the Electricity Law, article 2, 76°, the periodically assigned payment to the Capacity Provider in return for keeping available their capacity.</i>
Capacity Remuneration Mechanism* (CRM)	<i>According to the Electricity Law, article 2, 71°, the market mechanism based on a system of Reliability Options to ensure the achievement of the country's required level of security of supply to guarantee that the evolution of the different forms of capacities meets the development of the electricity demand, taking into account the import possibilities.</i>
CRM Candidate	Capacity Holder willing to participate to an Auction and submit a Bid for the Service delivery with one or several successfully prequalified CMU(s).

CRM Law	The law of 04/04/2019 modifying the Electricity Act: « <i>Wet tot wijziging van de wet van 29 april 1999 betreffende de organisatie van de elektriciteitsmarkt, teneinde een capaciteitsvergoedingsmechanisme in de stellen</i> », published in the Belgian National Gazette on 22 April 2019.
Day-Ahead Market (DAM)	Day-Ahead Market refers to the single day-ahead coupling, being the auctioning process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the Day-Ahead Market.
<i>Delivery Period*</i>	<i>According to the Electricity Law, article 2, 77°, the period starting from the 1st of November and ending on (but including) the 31st of October of the next year, during which the Capacity Providers are remunerated for making available their capacity.</i>
Delivery Point	A point on the electrical grid or within electrical installations of a grid user where the Service is delivered. This point is associated to one or several metering device(s) conform to the technical requirements set by the Transmission System Operator;
Declared Market Price (DMP)	The Day-Ahead Market price equal to or above which a CMU has declared it would deliver energy in the energy market.
<i>Demand Curve*</i>	<i>According to the Electricity Law, article 2, 78°, a curve that reflects the variation of the procured capacity volume, in function of the price of the capacity.</i>
<i>Demand Side Response* (DSR)</i>	<i>According to the Electricity Law, article 2, 66°, the capacity of end users to change their electricity demand upwards or downwards on a voluntary basis, reacting upon an external signal.</i>
Demand Side Unit (DSU)	An end user asset that can deliver DSR.
<i>Derating Factor*</i>	<i>According to the Electricity Law, article 2, 83°, a factor that is applied to a certain capacity, determining its contribution to the security of supply and used to calculate the total Eligible Volume that is qualified to participate in the Auction.</i>
Electricity Law	Federal Electricity Law of 29 April 1999 on the organization of the Belgian electricity market, as subsequently amended.
Eligibility Criteria	The criteria to determine which investment costs are eligible to calculate the Investment Threshold as referred to in article 7undecies § 5 of the Electricity Law and to be further specified in a royal decree.

Eligible Volume	The Reference Power of each CMU multiplied by the Derating Factor as determined during the Prequalification Process.
Energy Constrained Assets	An asset or a portfolio of assets that have limited availability because they can only provide capacity availability for a limited number of consecutive hours.
Energy Not Served* (ENS)	Amount of energy that cannot be supplied, expressed in GWh per year.
Expected Energy Not Served* (EENS)	Expected amount of energy that cannot be supplied, expressed in GWh per year.
<i>Direct Cross-Border Participation*</i>	<i>According to the Electricity Law, article 2, 86°, capacity outside the Belgian territory, but connected through a specific cable to only the Belgian control zone, after entry into force of the CRM Law, subject to the same rights and obligations as similar capacity inside the Belgian territory.</i>
Existing Capacity	Capacity already connected to the electricity grid, equipped with metering device enabling the determination of the Reference Power at the moment of the prequalification.
<i>Indirect Cross-Border Participation*</i>	<i>According to the Electricity Law, article 2, 85°, capacity outside the Belgian control zone that is contributing to the security of supply of Belgium via interconnectors.</i>
Investment Threshold	The level of capex investments that meet the Eligibility Criteria, required for a CMU to be entitled to Capacity Contract with a multi-year duration as referred to in article 7undecies § 5 of the Electricity Law.
<i>Loss of Load Expectation* (LOLE)</i>	<i>According to the Electricity Law, article 2, 52°, the statistical calculation based on which the anticipated number of hours during which it will not be possible for all the Generation resources available to the Belgian electricity grid to cover the load, taking into account also Market Response and the capacity from interconnectors, for a statistically normal year.</i>
Market Response	A reduction of electricity consumption behind the meter, independent from the technology, including both Demand Side Response as well as decentralized production and storage facilities.
Market Rules	The set of rules that provide for the functioning of the CRM, including a.o. the prequalification requirements, the auction's clearing algorithm, opt-out treatment, the Availability Monitoring Mechanism and Penalties as referred to in article 7undecies § 8 of the Electricity Law.

Missing Capacity	The positive difference during the Delivery Period between the Obligated Capacity and the Available Capacity, not covered in the Secondary Market.
New Capacity	Capacity that is not yet connected to the grid at moment of prequalification and for which no Reference Power can be calculated based on 15 minutes measurements.
Non-Eligible Capacity	Capacity that is not allowed to take part in the CRM including at least the capacities following article 7 undecies §4, 1° of the Electricity Law related to having received or receiving support from other support mechanisms and capacities not meeting the emission standards as defined in RIME.
Non-Energy Constrained Assets	An asset or a portfolio of assets for which their availability is not limited in terms of the amount of energy that could be provided by the assets
Obligated Capacity	The capacity for a CMU that is required to be available during an AMT Hour.
Opt-Out Volume	(Part of) the Eligible Volume of the CMU for which the CRM Candidate formally indicates it is not willing to offer it in the Auction, by the end of the Prequalification Process at the latest as referred to in article 7undecies § 6 of the Electricity Law.
Penalty	The amount to which the Capacity Provider is exposed in case of a positive difference between the Obligated Capacity and the Available Capacity.
<i>Prequalification Process*</i>	<i>According to the Electricity Law, article 2, 82°, the procedure that enable the Capacity Holders to determine to participate in the Auction.</i>
Price Cap	The maximum bid price and the maximum remuneration that can be received for a Bid.
<i>Price Limit*</i>	<i>The maximum price of bids permitted in the Auctions and/or the maximum Capacity Remuneration received by Capacity Providers after auction closure.</i>
Proven Availability	Proven Availability is exhibited when (i) a CMU without full scheduling obligation has Available Capacity during AMT Hours where the Day-Ahead Market price exceeds the Declared Market Price, that is consistent with the Obligated Capacity or (ii) a CMU with scheduling obligation is available in the energy market or (iii) a CMU reserving its Obligated Capacity in an ancillary services made up only of Delivery Points associated to the CMU or (iv) a CMU physically delivering its Obligated Capacity output as a result of Ancillary Services activations.

Reference Power	Maximal capacity (expressed in kW) that could deliver the Service and resulting from the Prequalification Process before application of relevant Derating Factors. This value is associated to a Capacity Market Unit (CMU).
Reference Price*	<i>According to the Electricity Law, article 2, 81°, the price that is presumed to be received by the Capacity Providers in the energy market.</i>
Reliability Options*	<i>According to the Electricity Law, article 2, 72°, the CRM based on which Capacity Providers will repay the positive difference between the Reference Price and the Strike Price.</i>
Reliability Standard	The Reliability Standard, as described in Article 25 of RIME, is used to define the level of security of supply of a country. In the absence of a European Reliability Standard, the national Reliability Standard for Belgium is determined in function of a two-fold LOLE criterion: The LOLE for a statistically normal year is not to exceed 3 hours. The LOLE for a statistical abnormal year (LOLE95) is not to exceed 20 hours as referred to in article 7undecies §3 3° of the Electricity Law.
RIME (Regulation EU n° 2019/943)	Regulation (EU) n° 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity.
Secondary Market	The market where Capacity Providers can procure spare capacity from other Capacity Holders to cover their obligations under the Capacity Contract.
Service	The obligations a CMU has to deliver under its Capacity Contract, i.e. being available during moments that are relevant for Security of Supply.
Service Level Agreement (SLA)	The level of service the Energy-Constrained Assets select during the Prequalification Process in function of their duration constraints per calendar day.
Storage*	<i>According to the Electricity Law, article 2, 63°, every process whereby the same installation takes electricity off the grid, to inject the electricity in the grid at a later stage, except for the electrical losses.</i>
Strike Price*	<i>According to the Electricity Law, article 2, 80°, a pre-defined price that determines the threshold above which the Capacity Provider has to pay-back difference with the Reference Price.</i>
Unproven Availability	Unproven Availability arises when a CMU without scheduling obligation is assumed to be available during AMT Hours where the Day-Ahead Market price is below the Declared Market Price, without actual proof of delivery of energy.

Unsheddable Margin	Minimal amount of net active power offtake (in kW/MW) that cannot be curtailed (inflexible or unsheddable power) at the Delivery Point(s) concerned
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3 List of Abbreviations

AMT	Availability Monitoring Trigger
CCGT	Combined Cycle Gas Turbine
CEP	Clean Energy Package
CHP	Combined Heat & Power
CIPU	Contract for the Injection of Production Units
CMU	Capacity Market Unit
CONE	Cost of New Entry
CRM	Capacity Remuneration Mechanism
CWE	Central West Europe, in particular the countries Belgium, France, the Netherlands, Germany and Luxembourg.
DAM	Day-Ahead Market
DMP	Declared Market Price
DSR	Demand Side Response
DSU	Demand Side Unit

EENS	Expected Energy Not Served
ENS	Energy Not Served
FOM	Fixed Operating & Maintenance Costs
LOLE	Loss of Load Expectation
OCGT	Open Cycle Gas Turbine
PSP	Pumped-Storage Plant
RES	Renewable Energy Sources
RIME	Regulation (EU) n° 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity.
RoR	Run-of-River
SLA	Service Level Agreement