

# **LOW CARBON TENDER (LCT)**

## **FUNCTIONING RULES**

### **Cover note for consultation report of the LCT Functioning Rules**

March 7th 2023

## COVER NOTE INTRODUCTION

As part of the long-term measures included in the Winter Plan introduced by the federal government on 15 July 2022, and as presented by the cabinet during the Working Group Adequacy of 25 August 2022, the Minister of energy has instructed Elia to prepare a targeted tender for low carbon technologies as one of the measures to ensure security of supply in 2024-2025.

Elia has drafted the Low Carbon Tender (LCT) Functioning Rules after a public consultation of an LCT design note. The design note as well as the consultation report are available on the website of Elia<sup>1</sup>. These LCT Functioning Rules are integrated as a separate chapter (cf. chapter 18) of the Capacity Remuneration Mechanism (CRM) Functioning Rules.

Starting January 13<sup>th</sup> 2023, a public consultation on the LCT Functioning Rules was launched. This document serves to guide stakeholders through the most notable additions or modifications to the LCT Functioning Rules after the public consultation. It is intended to be used alongside the published document, as a supportive compendium. Every following chapter addresses the amendments to the CRM rules in chapter 18 of the functioning Rules: “*Low Carbon Tender*”, as well as the changes made to chapters 1 to 17. After the LCT Delivery Period, Chapter 18 will be phased out of the CRM Functioning Rules, where possible. In case no significant changes were made to a chapter after the public consultation process, the word “null” is used.

It should be noted that the LCT Functioning Rules have been based on the CRM Functioning Rules which Elia has submitted to CREG on February 1<sup>st</sup> 2023. Please note that the validation of the CRM Functioning Rules version 3 is an ongoing process at the time of writing, and as such, the feedback from CREG still needs to be incorporated. For changes between the CRM Functioning rules version 2 (validated by CREG in 2022) and CRM Functioning Rules version 3 (submitted to CREG), we refer to the Track Changes document on the WG Adequacy webpage<sup>2</sup>.

The changes listed in this document are selected based on perceived impact and are in no way an exhaustive overview. This document is by no means legally binding.

For an exhaustive overview of all changes made between the CRM Functioning Rules V2 and the CRM+LCT Functioning Rules V3 proposal submitted to CREG, please refer to the Track-Changes Version of the LCT Functioning Rules on the WG Adequacy webpage<sup>2</sup>.

By May 15<sup>th</sup>, CREG will provide the final proposal for the CRM +LCT Functioning Rules V3.

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<sup>1</sup> [https://www.elia.be/en/public-consultation/20221014\\_public-consultation-on-the-low-carbon-tender-design-note](https://www.elia.be/en/public-consultation/20221014_public-consultation-on-the-low-carbon-tender-design-note)

<sup>2</sup> <https://www.elia.be/en/users-group/adequacy-working-group>

## **1 INTRODUCTION**

**Changes to CRM Chapter 1: Introduction**

null

**Amendments in Section 18.1(.2): Introduction**

null

## **2 GENERAL PROVISIONS**

**Changes to CRM Chapter 2: General Provisions**

null

**Amendments in Section 18.2: General Provisions**

null

## **3 DEFINITIONS**

**Changes to CRM Chapter 3: Definitions**

null

**Amendments in Section 18.3 Definitions :**

null

## **4 SERVICE TIME SCHEDULE**

**Changes to CRM Chapter 4: Service Time Schedule**

null

**Amendments in Section 18.4: Service Time Schedule**

null

## 5 PREQUALIFICATION PROCESSES

### Changes to CRM Chapter 5: Prequalification Processes

null

### Amendments in Section 18.5: Prequalification Processes

Following feedback received during the Public Consultation and in line with earlier presentations during the WG Adequacy, it has been clarified in the rules that a final 'in service' check applies at the moment of gate opening for Bid submission. The consequence of this is that Prequalified CRM Candidates who would happen to be considered as 'in service' would lose the 'approved' status of their Prequalification File leading to a rejected status for the Prequalification Process. In such case, they won't be granted an access to Primary nor Secondary Markets. At the same time, a downward correction of the volume to be procured applies to take into account the capacities that received the "in service" status between the publication of the grid operator report and the gate opening for bid submission.

Following feedback received from the DSOs that an ex-ante 'in service' check cannot always be performed on time, an additional check for DSO-connected delivery points is added during the pre-delivery process.

## 6 AUCTION PROCESS

### Changes to CRM Chapter 6: Auction Processes

CRM Candidates are now allowed to submit mutually exclusive bids for one CMU for which a multi-year contract is envisaged, in auctions that are organized in the same year. In such case though, the bid volume is required to be equal, in order to ensure a coherent consideration of the volume of the CMU towards the Delivery Period to which the Auctions relate.

### Amendments in Section 18.6: Auction Processes

null

## 7 CAPACITY CONTRACT SIGNATURE

### Changes to CRM Chapter 7: Capacity Contract Signature

null

### Amendments in Section 18.7: Capacity Contract Signature

null

## 8 PRE-DELIVERY CONTROL

### Changes to CRM Chapter 8: Pre-Delivery Control

The calculation of the Total Contracted Capacity has been slightly adapted to account for the case of Transactions on the Secondary Market. Following feedback from market parties, the examples in annex B.1 were adapted as well.

Following feedback from Fluvius, Elia has made some minor changes to the information that needs to be provided in case of Delays in Infrastructure Works.

#### **Amendments in Section 18.8: Pre-Delivery Control**

null

## **9 AVAILABILITY OBLIGATION**

#### **Changes to CRM Chapter 9: Availability Obligation**

Elia has introduced a proposal for the calculation of the intraday reference price.

Elia has submitted its proposal for the selection of AMT Moments to be verified as well as CMUs to be tested to the CREG, and the paragraphs referring to this methodology have been adapted accordingly.

#### **Amendments in Section 18.9: Availability Obligation**

null

## **10 SECONDARY MARKET**

#### **Changes to CRM Chapter 10: Secondary Market**

null

#### **Amendments in Section 18.10: Secondary Market**

null

## **11 FINANCIAL SECURITIES**

#### **Changes to CRM Chapter 11: Financial Securities**

null

#### **Amendments in Section 18.11: Financial Securities**

null

## **12 PAYBACK OBLIGATION**

#### **Changes to CRM Chapter 12: Payback Obligation**

null

**Amendments in Section 18.12: Payback Obligation**

null

## **13 LIABILITY AND FORCE MAJEURE**

**Changes to CRM Chapter 13: Liability and Force Majeure**

null

**Amendments in Section 18.13: Liability and Force Majeure**

null

## **14 DISPUTE RESOLUTION**

**Changes to CRM Chapter 14: Dispute Resolution**

null

**Amendments in Section 18.14: Dispute Resolution**

null

## **15 FALLBACK PROCEDURES**

**Changes to CRM Chapter 15: Fallback Procedures**

null

**Amendments in Section 18.15: Fallback Procedures**

null

## **16 TRANSPARENCY AND MOTIVATION**

**Changes to CRM Chapter 16: Transparency and Motivation**

null

**Amendments in Section 18.16: Transparency and Motivation**

null

## **17 DIRECT AND INDIRECT FOREIGN CAPACITY PARTICIPATION**

**Changes to CRM Chapter 17: Direct and Indirect Foreign Capacity Participation**

null

**Amendments in Section 18.17: Direct and Indirect Foreign Capacity Participation**

null

**18 (19) Annexes**

null