

# WG Adequacy #31 – Minutes of the Meeting

## Friday 14<sup>th</sup> of June 2024

<b>Meeting</b>	
<b>Date</b>	14/06/2024
<b>Organiser</b>	Voet Jan

<b>Participants</b>		<b>Attended</b>
Baugnet Christophe	Engie	<input checked="" type="checkbox"/>
Boucquey Pascal	CREG	<input checked="" type="checkbox"/>
Boustani Zackaria	FOD Economie	<input checked="" type="checkbox"/>
Catrycke Mathilde	Engie	<input checked="" type="checkbox"/>
Collilieux Mathieu	Total Energies	<input checked="" type="checkbox"/>
Claes Peter	Febeliec	<input checked="" type="checkbox"/>
Coppin Xavier	Engie	<input checked="" type="checkbox"/>
De Taeye Bert	Infrabel	<input checked="" type="checkbox"/>
De Waele Bart	CREG	<input checked="" type="checkbox"/>
Debrigode Patricia	CREG	<input checked="" type="checkbox"/>
Delferiere Alan	FOD Economie	<input checked="" type="checkbox"/>
Gérard Thibaut	Thermovault	<input checked="" type="checkbox"/>
Gerkens Benoît	CREG	<input checked="" type="checkbox"/>
Harlem Steven	Luminus	<input checked="" type="checkbox"/>
Lippens Pierre	Flexcity	<input checked="" type="checkbox"/>
Marin Alexandre	Thy-Marcinelle	<input checked="" type="checkbox"/>
Pary Maximilien	Total Energies	<input checked="" type="checkbox"/>
Pary Maximilien	Total Energies	<input checked="" type="checkbox"/>
Rkiouak Laylla	FOD Economie	<input checked="" type="checkbox"/>
Strosse Tom	Eneco	<input checked="" type="checkbox"/>
Taverniers Hans	Tessengerlo	<input checked="" type="checkbox"/>
Thijs Dennis	Nala Renewables	<input checked="" type="checkbox"/>
Van Bossuyt Michael	Febeliec	<input checked="" type="checkbox"/>
Van den Bosch Sven	Fluvius	<input checked="" type="checkbox"/>
Van Doorslaer Guillaume	CREG	<input checked="" type="checkbox"/>
Van Gijzeghem Francies	ABDE	<input checked="" type="checkbox"/>
Vandenbrande Eric	Engie	<input checked="" type="checkbox"/>
Vandersyppe Hans	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Verbruggen Thomas	Nyrstar	<input checked="" type="checkbox"/>
Verrydt Eric	Zandvliet Power	<input checked="" type="checkbox"/>
Waignier Jean-François	FEPEG	<input checked="" type="checkbox"/>
Willemot Guy	Tessengerlo	<input checked="" type="checkbox"/>

<b>Report</b>	
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<b>Date report</b>	17/09/2024
<b>Status</b>	<input type="checkbox"/> Draft <input checked="" type="checkbox"/> Final version

## 1. Agenda

- Welcome
- Approval of meeting minutes
- Reactions to the Public Consultation on the CRM calibration
- IPC/IPC derogation: Revenues calculation methodology
- Roadmap towards design changes
- AOB
- Next meetings

## 2. Minutes of Meetings

*Disclaimer: The slides used as a support of the presentation are available [online](#). The minutes of meetings only cover the discussions that took place during the Working Group.*

### **Approval of meeting minutes**

No comments on the meeting minutes are made.

### **Update on the regulatory framework** (Cabinet of the Minister of Energy)

CREG expects to receive all IPC derogation requests by today (14/6).

Regarding the Royal Decree on Investment Thresholds, Engie asks what the main changes are compared to the version submitted to public consultation. CREG did not check the latest version, but does not think there were any changes made. Cabinet confirms that there are no major changes compared to the first version. Most important hurdle was the confirmation from the privacy commission.

Febeliec asks the cabinet for a state of play on the payback exemption for DSM. Cabinet replies that Belgium is in the pre-notification phase, so no formal notification done yet. Belgium has informed the EC about the proposed changes to the CRM and the EC should inform Belgium on which changes should be renotified. EC is constructive in the discussions about the payback exemption and looking for ways to introduce it, such as article 345 of the CEAAG. Febeliec acknowledges the positive evolution, but asks whether the EC is aware of the strict deadline for DSM capacities to decide whether or not to opt-out to the auctions. Cabinet confirms that the EC is well aware of the timings of the auction. Febeliec notes that the Functioning Rules stipulate that a decision from the EC should be taken 2 weeks before bid submission deadline. Febeliec thanks the cabinet for the update and asks to keep the market parties informed about this topic.

Engie asks whether there is an exposé des motifs for the Royal Decree on Investment Threshold. Cabinet replies that all available documentation was sent on 13/6. Engie also asks whether a track change version compared to the version of the public consultation is available, which the cabinet will check.

### **Reactions to the Public Consultation on the CRM calibration**

Febeliec notes that the public consultation was not complete as the methodology to obtain the demand and demand response assumptions was not included yet. Elia replies that this is still work in progress and will be further explained in August. Febeliec asks whether these assumptions will be publicly consulted upon. Elia adds that there is a justification for excluding the demand values from the public consultation, given that it was agreed in CdS to wait for the latest demand forecasts from the Federal Planning Bureau. Febeliec replies it is not a full public consultation, Elia replies that it is mitigated as much as possible in a separate part of the note.

Febeliec wants to clarify its question on the use of the Météo France data. Febeliec would like to know how Elia selected a scenario of the range of scenario's from Météo France to create a forward looking dataset as this has an important impact on the years further ahead (beyond 2025). Elia confirms that it is the goal to validate the choice made for the selected scenario. Febeliec does not see why the specific scenario is selected, whereas it has a significant impact on the expected CO2 emissions. Elia notes the comment and will provide clarifications on it.

Febeliec asks if it's correct that for the pre-selected capacity types, not all battery types (so the SLA's) are taken into account, only the 4 hours are considered and not the rest. Elia confirms this and explains it's a choice it made as those batteries are the most relevant (e.g. most economical), compared to small-scale batteries. Febeliec adds that the sum of all small-scale batteries can be quite significant, but Elia points out that it's hard to estimate revenues on small-scale batteries as there are several revenue streams and especially because they are so small. Febeliec questions this as the same can be said for batteries from electric vehicles. Elia replies that these are not included either in the capacity

types to fill the gap for the calibration scenario. It's not that Elia does not assume an increase of such batteries, but Elia doesn't expect direct participation through the CRM. As such, for the calibration of the CRM parameters it's not needed to estimate the revenues, estimate the individual costs, or to determine the price caps. Febeliec agrees with those points but also mentions that actors might look into aggregation of this type of batteries. As a summary to Febeliec's concerns for excluding other battery types Elia explains that for the AdeqFlex study it makes sense to see the impact of small-scale batteries, but for the calibration scenario the purpose is to have the correct parameters and correct deratings for the auction mainly for the flexible assets. Additionally, Elia mentions that if there is too much flexibility and too many batteries in the reference scenario then the effect is that there are lower deratings and thus negative signals for batteries. Febeliec's response is that this shows an issue with the methodology rather than with the batteries, and that they will have to look into it. They mention that they had already made a comment on it when the methodology was introduced, because it's not appropriate to say that the more batteries there are, the lower they count individually. Elia agrees but also underlines the fact that the taken methodology is quite conservative in a good way for the batteries' project, as it provides higher numbers for the assets participating. Febeliec argues that this is only for the last battery that's taken into account, but that's a flaw in the design because the more MW's you have in batteries the more they should support Adequacy. Elia explains that it's just a decrease in derating factor, and not that they are discounted or not taken into account. Elia concludes the discussion on this topic by saying that although they are not in the preselected capacity type, this does not mean they are not participating in the CRM, it's just a way to get to the calibrated scenario.

On Elia's proposal for small-scale batteries, Febeliec understands that this can't be changed for the current study but mentions the importance to investigate it in the future because they believe there is currently an underestimation, as for example in Flanders everyone is getting solar panels. Elia agrees but replies that they need access to other data and that they rely on other parties for that.

Regarding the impact of the decommissioning of certain units on the load, Febeliec mentions they would appreciate having a clear breakdown of what Elia takes into account or not in the estimates during the presentation of the Working Group in August. Febeliec underlines the fact that the situation for industry is worrisome at the moment, and that the impact of the crisis is only now being dealt with. Elia takes note of this and will do their best to specify what is taken into account for the decommissioning.

Febeliec questions how the stakeholders' feedback after the WG Adequacy will be taken into account as it is not a formal consultation procedure. Febeliec requests clarity on how they should do that, and how Elia plans to give their justification on what is and is not taken into account. Elia reassures that the comments made during the WG Adequacy will be taken into account and that additional moments can be foreseen with CREG & FPS to discuss again the impacts and how to account for them. Elia will also provide as much clarity on the assumptions that will be taken in the estimation of the demand from additional electrification from the industry. In addition, Elia proposes to include sensitivities on the additional electrification in the industry. Febeliec finds it important that all comments are considered and that it is justified in a right way why a comment is considered or not, similar to the formal public consultation procedure. Elia agrees and says they will work on the process to make this clear. Febeliec adds that since the methodology of the study will be new, it's important to see what the changes are and what the impacts will be, to which Elia agrees.

Moving on to the topic of peak consumption, Febeliec mentions the Belgian peak demand is not necessarily at the same moment as scarcity, for example during summer it is requested that industry increases their consumption. Elia confirms that the relevant elements are scarcity situations. The different parameters from the CRM calibration reports are calculated during scarcity hours and not during peak demand, as those can be different, especially in a system with high RES and high flexibility.

Regarding the constantly changing environment in which Elia has to take their assumptions, Febeliec remarks that while indeed there was recently the energy crisis and Covid, if you go back a decade then every two years there was a major incident. Febeliec explains that if you compare the assumptions with the reality, there is a clear bias to an overestimation of the demand. Febeliec does not know if this means that a correction factor is needed, but believes that by not doing this analysis Elia is not learning to adapt the models. Elia explains that they are trying to tackle this issue with their PRICED study by looking back at all the assumptions, reassessing them, then improving them, and testing the model that was used. Febeliec mentions the impact this has for the moment on the CRM auctions and costs. Elia replies that they are trying to capture as much as possible in the different scenario's during the load management exercise and are also updating the methodology. Febeliec shows their appreciation for that but also underlines that electrification of the industry will be challenging in the coming years given the low investment/permit decisions for those projects, which should be taken into account in the determination of the electricity demand. Elia explains that they are discussing this with the industries, in which it invests a lot of time and effort. FEBEG adds that the demand should be justified and based on facts, meaning what can be foreseen and which events can impact the demand in order to avoid issues like for example a blackout. FEBEG also points out that for the investment decisions, it's important for the industry to be confident that there is enough electricity to supply the demand. Febeliec rephrases this by saying that there should be enough "affordable" electricity. Febeliec also shares that for the investment decisions, KPMG did a

study last year showing that for one sector there were no other investment decisions being taken at the moment for Belgium. Elia mentions that at the same time some policy discussions are ongoing, so this might be a wrong picture and the future is uncertain and it is to be followed up.

On the topic of heat pumps, Febeliec asks whether all data is included or not. Elia replies that only for swimming pool heat pumps data is not included because details on sales were not available.

Febeliec mentions that a lot of power plants in France are shut down for incompressibility issues and wonders how this is tackled, as the only yearly generation in TWh is maybe not (anymore) a good indicator for adequacy. The units are available but are shutdown, hence lowering the generation. Elia explains that for the unavailability of the nuclear power plants, information for each hour of the year is available (based on REMIT data for the short-term and ERAA profiles for the mid to long-term). The short-term profile is recalibrated in order to be compliant with the production forecast of EDF, taking into account the seasonality of the profile, according to a methodology defined in collaboration with FPS Economy. The ERAA profiles are checked according to the profiles from the Bilan Prévisionnel of RTE (3 scenarios from 280 to 400 TWh, with a reference at 360 TWh) and that a coefficient of utilization is implemented (Ku), which aims to reflect the modulation of the nuclear power plants. Febeliec agrees the total TWh is important for France but wonders how this is relevant for the Adequacy study in Belgium. Elia mentions that it's something that is closely monitored, either based on the publication from EDF from which the split between summer and winter is performed or based on the application of the Ku. Febeliec notes that sometimes there are negative prices (for example around Christmas and new year in France) which may impact the view/behavior. Capacities could be there but not produce anything, meaning the link between capacity & energy is disappearing. Elia notes this and confirms that they monitor this actively.

Febeliec comments on the MinRAM 70%, saying there was a clear statement from the EC stating this is a legally binding target to reach, even if it triggers other actions. As such, Febeliec wonders what is taken into account for the future grid, not just for Belgium but for the rest of Europe. Elia answers that the reference grid is based on ERAA 23. Febeliec requests that this is mentioned in the future, to which Elia agrees. FEBEG questions why the 70% is being pushed when there are indications that this will not be reached. Febeliec replies that this means some member states will have to take some additional measures to fulfill the condition.

Febeliec asks how the impact on volumes from MARI & PICASSO is taken into account. Elia refers to the ERAA guidelines; the full FRR needs to be deducted from the modelled assets. Even if Elia counts on reserve sharing or non-contracted balancing energy bids to reduce its balancing capacity to be procured, this capacity still needs to be considered 'firm'. Febeliec notes that this is a very conservative approach as the reserve sharing agreement with neighbouring countries is not being followed. Elia explains that the capacity still needs to be considered somewhere for Adequacy. Elia further justifies the approaches the contribution of the neighbouring countries is already considered in the MEC. Otherwise, there would actually be a double counting of the contribution of the neighbouring countries. Febeliec demands whether the limitations on the cross border capacity are taken into account. Elia replies that those limitations are always there, and refers to the results from the MEC which show they are significantly much lower than the technical installed capacity from the grid methodology. Elia adds that the grid is not a limiting factor for France. Elia reiterates that it depends on the available energy at the times of scarcity.

For the preselected capacity types of the Y-2 auction; Febeliec asks if indeed the SLA 24h category is taken into account instead of the 4h, or on top of the 4 hours. Elia confirms it's 24h. Elia agrees that there are different technologies and categories, so it's hard to assess which type is the most appropriate, but the SLA 24h category has the least impact on the dispatching of the model. Elia also refers to the same comment and argument they made for the small-scale batteries; this approach will affect the derating factors the least.

On the post-delivery scenarios, Febeliec adds that this depends on the revenues considered. Elia explains that the revenues in the reference scenario do not influence the post-delivery scenarios as no EVA is performed. However, the post-delivery scenarios are selected to be as similar to the reference scenario as possible, to be representative in the revenue calculation.

### **Roadmap towards design changes**

As to the topic of Gflex, Febeliec demands if the discussion will only be on CRM aspects, which Elia confirms. Febeliec says then that this is not a design discussion, to which Elia responds that if there is an evolution on Gflex framework, the impact on Opt-Out should be considered.

Febeliec mentions that being penalized for an overperformance seems farfetched from an Adequacy point of view. Elia agrees and adds that this has to be investigated further.

Febeliec remarks that on the baseline, some requests are being made in BAL; it should be ensured that it goes in both directions. Elia agrees and says that some discussions are ongoing.

Febeliec shares their approval for what was proposed, and thinks it should maybe also be covered in BAL.

### **AOB**

Febeliec asks if there are any updates on the workshop for the priced study, to which Elia replies that all the updates with regards to the load will be presented end of August.

### **3. Next Meetings**

The next meetings are currently foreseen on:

- Friday 27th of September 2024 A.M.: WG
- Tuesday 5th of November 2024 A.M.: WG
- Friday 22nd of November 2024 A.M.: WG
- Wednesday 18th of December 2024 A.M.: WG