

WG Adequacy #33 – Minutes of the Meeting

Friday 27th of September 2024

Meeting	
Date	27/09/2024
Organiser	Voet Jan

Participants		Attended
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"/>
Wagnier Jean-François	FEPEG	<input checked="" type="checkbox"/>
Willemot Guy	Tessengerlo	<input checked="" type="checkbox"/>

Report	
Author	Doan Nguyen
Function	PMO Adequacy
Date report	30/09/2024
Status	<input type="checkbox"/> Draft <input checked="" type="checkbox"/> Final version

1. Agenda

- Welcome
- Net balancing revenue presentation - Compass Lexecon
- Strike price determination for the CRM auctions 2025
- CRM design
 - Minor CRM design evolutions
 - Baseline
 - Grid constraints
- Timeline for the CRM FRv5
- 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

Elia apologizes for the delay on previous minutes and will correct for this in the upcoming week.

Net balancing revenue presentation - Compass Lexecon

For demand side response, Febeliec asks if it's treated like a monolithic block or if it's split up into different sub-groups. Compass Lexecon replies that it's normally one group; there is only one category of DSR unit which means all the data is aggregated in terms of revenues. Febeliec remarks that this entails an issue with the opportunity costs as they are greatly differing in industries and companies, even from the same sector. Elia comments that they have investigated internally how the methodology can be further improved but points out that it's exceedingly difficult to have a good idea of what is for example the activation cost of a typical DSM unit and how it can be further differentiated. As such, the study used is based on available data and more information would be needed in order to for example have per DSR category. Febeliec indicates that it's an important caveat to put with the study and the results for the expectations. Elia agrees.

Concerning the calculation of net revenues, Febeliec inquires if for DSR all costs such as operational organisational costs are implicitly allocated to activation cost. Compass Lexecon confirms this.

Febeliec asks confirmation that for the bid data, all individual bid information is provided by Elia meaning that there are no assumptions about which bid would have been demand response or not. Since the names for the bids are known, all the relevant bids can be selected. Compass Lexecon confirms this.

With regard to the adjustments for the crisis period, Febeliec mentions that the increase in price is not due to higher gas prices but rather because of market circumstances which results in a higher net revenue during the crisis period. Febeliec points out that it's all right to filter for the crisis effect but that it should be taken into account for future CRM. Elia agrees and explains that what is done here for the price adjustment is exceptional since the circumstances were exceptional. Elia also adds that when looking at the month-to-month evolution in 2021 and 2023, it can be observed that there were certain months where there was tightness on the balancing market which are not corrected for. So, while it is true that when entering true scarcity situations there might be higher revenues on the balancing market, the correction that is applied in this case is only for the gas crises revenue. In the future, those high prices should not necessarily be corrected if they are representing a good market function. Febeliec specifies that since the gas crisis is not the only main driver but that for example tightness also plays a role, that Elia should be careful to not exclude too much during their adjustment. Elia justifies that they also wanted to stay coherent with the correction that was done last year because otherwise there would be different corrections over the same historical period which would impact the harmonization of the methodologies. Apart from that, Elia agrees with Febeliec and affirms that the point is taken.

On the correction for participation of assets in the Belgian balancing market, Febeliec wonders if an adjustment is also done for participation of Belgian assets in non-Belgian balancing markets. Febeliec notes that in the context of cross-border, it could be that Belgian BSP's sell and earn extra revenue by delivering to other countries. Compass Lexecon replies that no adjustment is applied since at this stage it's difficult to forecast the evolution of those revenues with the current data that is available. Febeliec remarks that it's important for this topic to remain in the radar for future studies because some parties bidding into the CRM might take this into account, meaning that for example they could have a business case in Belgium that is based in another country and earn revenues from Belgium in a non-Belgian market.

Elia understands the comment but explains that for the purpose of the CRM calibration, the focus is only on the reservation revenues (as foreseen in the RD Methodology) as opposed to the activation revenues which is what Febeliec is mentioning.

Febeliec addresses the fact that the volume of revenues from activation should be taken into account otherwise there will be a gross underestimation of the revenues. Elia clarifies that this is not necessarily the case; reservation revenue is money provided by Elia to the market while on the other hand, activation revenue is a redistribution of money between BRP's and BSP's. As such, if someone wins with an activation revenue someone else pays for it. Thus, it is complicated to assign what is an additional injection as a revenue on the total package of BRP's and BSP's like reservation when looking only at activation. Elia suggests to leave this point aside for the moment until the significance of the effect can be seen. Febeliec agrees and comments that this should be included in the list of topics to take into account for future analysis.

Engie asks if the market share increase is being considered in the technology mix, especially for AFRR-down. Elia assumes that it is considered in the forecast of the technology mix of activation, but needs to check to confirm. Compass Lexecon adds that it is at least taken into account for the historic data.

Strike price determination for the CRM auctions 2025

Regarding the strike price calibration curves of 2023 and 2024, Febeliec indicates that the high impact of prices in the past are still impacting the strike price. Febeliec then questions if the strike price is still relevant for the current situation. Elia gives a reminder that the calibrated strike price is of less importance than it used to be due to actualization mechanisms, meaning this is not the final strike price that will be used. Febeliec states this will compound even more the issue since there could be an upwards impact on something that is already too high. Elia argues that the average prices are deducted during the winter peaks from the strike price to arrive at the fixed component. Hence, it can increase but that would mean that the average price during the entire month would need to be higher on average than during the periods where filters are applied (peak hours on weekdays during winter). Febeliec points out that this is a correction for historical, possibly non relevant, periods. Elia agrees but says this is always the downside of a looking back methodology. Elia suggests to add the part of the fixed component for each year once the final proposal is presented. Febeliec shares that they look forward to that analysis.

CRM design

With respect to the downwards revision of the monthly capacity remuneration, Febeliec questions if this implies a change in the Functioning Rules and also the capacity contracts. Elia has checked this carefully and confirms that any kind of availability penalties or downwards revisions are handled by the Functioning Rules, with no impact on the contractual obligations that are in the capacity contracts. Febeliec asks if this is a big change or minor change for the Functioning Rules. Elia explains that it is a minor change, it is included as a penalty in the delivery activity report. Febeliec requests that when changes are made to the Functioning Rules, that they are clearly notified of where those changes are mentioned. Elia confirms they will make a cover note and clearly indicate the changes.

For the baseline evolution, Febeliec asks the link between the declarative baseline and the baseline supply from balancing. Elia has evaluated the link and the main conclusion is that the nature of the product is so different that very different design elements need to be included while for the balancing provisions it is much closer to real time. Febeliec shares it's important that whatever baseline is used, it does not impede the participation to balancing. Elia agrees and adds that the question is specifically tackled in the design note.

Febeliec questions if the evaluation of the connection capacity reserve on the grid includes historical connection capacity. For example whether Elia grid capacity is included in the analysis which is historically reserved for never built plants, or if it is only future projects with huge, still available connection capacity. Elia confirms it's the latter, if there are two projects for the same available connection capacity, it's on a first-come first-served basis that connection is allocated. Elia also wants to make clear that this is within the context of Elia connections and not DSO connections. Furthermore, Elia clarifies that the proposal is to not apply the calculation of grid constraints in the CRM as long as this principle is applied. Elia proposed to keep the rules in the CRM Functioning Rules with as standstill clause until the regulatory framework evolves. BSTOR shares their objection to the proposal, as they consider a capacity-waiver in case of no selection in the CRM could make sense in some cases. Elia wants to highlight the fact that, to a certain extent, this issue is caused by how the connection process works. Elia is not influencing this from the CRM perspective, but merely looking at how the process works and evaluating what is happening. Besides that, Elia explains that the waiver here will in practice never be activated due to the existing EDS/EOS process. Thus, the waiver is only a feature which is unnecessary in the current status, and having it or not won't solve the issue that BSTOR is talking about. The topic of connection process itself and how to avoid that projects which are speculations take away capacity will be discussed in a later workshop of WG Belgian Grid.

Febeliec would like to know how embedded demand response for storage is treated, since there might be a connection agreement but not necessarily for that unit. Elia answers that if it's a minor change, nothing needs to be changed to the connection.

As for the asset commissioning, Febeliec asks if the buffer is for every project or just for generation. Elia confirms that the buffer is applied as a general rule, deviations are still possible depending on the specific cases. Febeliec's proposal is to suggest that the buffer period is possible but not necessary.

Timeline for the CRM FRv5

Febeliec reiterates the importance to have a clear view on what has been changed in the Functioning Rules. Elia agrees and shares that a cover note will be made available at the start of the public consultation.

AOB & Next meetings

The next meetings are currently foreseen on:

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