

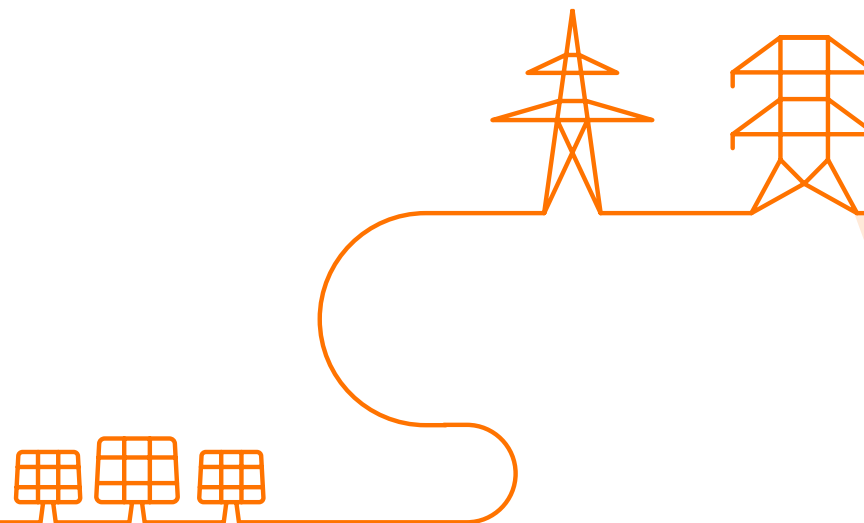
WG Adequacy #35

22/11/2024

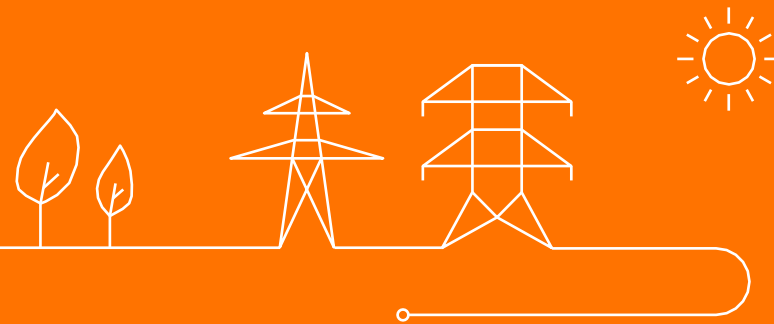


Agenda

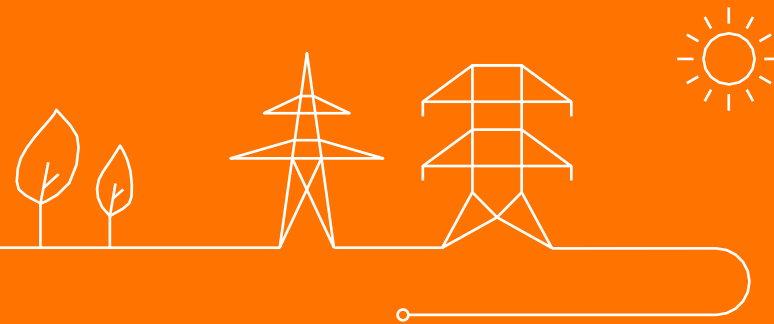
- Welcome
- Validation Meeting Minutes
- CRM Functioning Rules Public Consultation
- Planning 2025
- AOB & Next meetings



Welcome



Validation meeting minutes

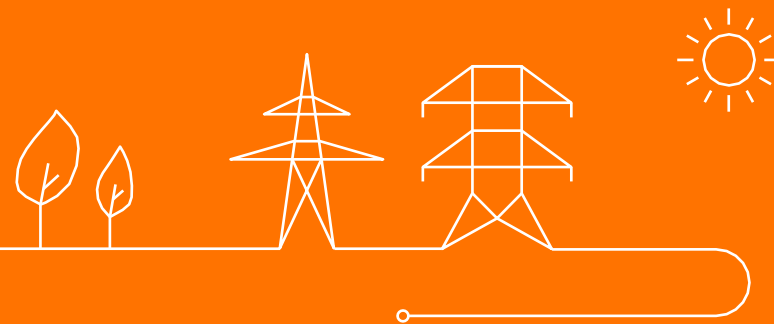


Previous Meeting Minutes:

- WG #34 - 05/11/2024
 - Feedback received until now has already been incorporated
 - Additional comments?



CRM Functioning Rules Public Consultation



Public consultation on CRM FRv5

Today, Elia launches the public consultation on the CRM Functioning Rules v5. Elia would like to highlight:

1. This presentation summarizes the main changes Elia has put up for public consultation but is by no means exhaustive.
2. The latest decision of the EC with regards to the CRM has been integrated (payback exemption for energy storage and removal of Declared Market Prices). Subject to an amendment of the RD Methodology and the E-Law.
3. Elia has focused on simplifications and clarification throughout the CRM FR.

The public consultation runs from 22/11/2024 until 20/12/2024.



Public consultation on CRM FRv5



22/11
WG Adequacy



18/12:
WG Adequacy



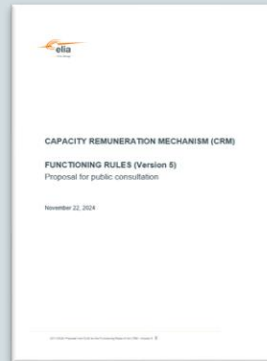
Jan 2025:
WG on consultation
report



1/02:
Elia submission FR
v5

4 weeks public consultation

What is being consulted



CRM Functioning Rules v5

Supporting documents

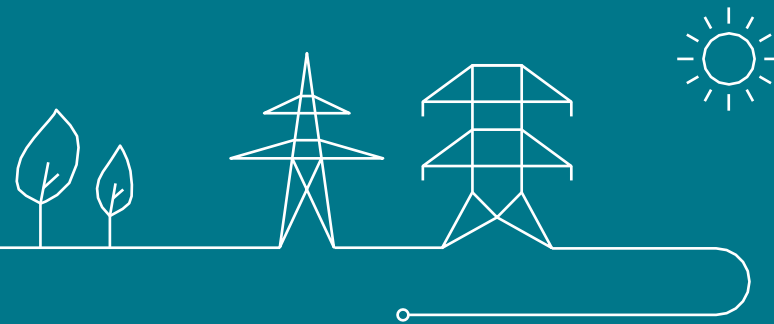


Cover note CRM FR v5



CRM design notes (based on FR v4)

Prequalification



Prequalification

Theme	Topic	Issue	Proposal	Presented today
Low Voltage participation	Multiple DSOs per LVDPG	Currently, a LVDPG can only be linked to a single DSO	Removal of minimum threshold per DSO	YES
Opt OUT	Motivational letter	Opt-out "OUT" reason for Y-1 auction exclusively	Adapt the Functioning Rules to allow a motivational letter process for Y-1 exclusively with a possible impact on the auctions Y-2 and Y-4 if the reason of Opt-out "OUT" is relevant (see slide)	YES
	PQ file rejection based on connection timeline	Participation of projects that will not be connected in time for delivery	See slides as presented on 27/09 with a slight update based on received feedback	YES
Simplification	Prequalification File renewal	If CRM Actor does not want to participate to the forthcoming Auction, they are still expected to renew their PQ File.	Automatic renewal of the Prequalification file with previously provided data & indication of intention to not participate to the Auction	NO
	Removal of DP from Aggregated CMU by 10/08	Potential discrimination against Aggregated CMU that can only participate with all DPs or nothing	Allow the removal of a Delivery Point from an Aggregated CMU until 10/08 if it's motivated by a case of force majeure for CMUs with an Investment File.	NO
Clarification	FSP-DSO Agreement requirement	Unclear when to sign an FSP-DSO agreement in view of NRP Calculation	To be signed in case an NRP calculation takes place	YES



Evolution to the LVDPG

To facilitate the participation of Low Voltage Delivery Points to the CRM, the lower size limit of 100kW for the creation of a LVDPG in the same DSO zone was removed. Two conditions still need to be fulfilled:

- all Delivery Points part of a single LVDPG need to belong to the same DSO ; and
- the aggregated CMU must be of a minimum 1MW derated (in accordance with article 7undecies § 8 al. 2 of the Electricity Act)

Elia considers this the right compromise between the CREG request to allow for multiple DSOs per LVDPG and the technical restrictions applicable in Flexhub.



Opt-out notification

After an opt-out notification has been submitted for a unit, the opt-out is classified into either “IN” or “OUT”.

- Opt-out “IN” means that the unit is considered to be contributing to adequacy during the delivery period
- Opt-out “OUT” means that the unit is not considered to be contributing to adequacy during the delivery period

The classification into either opt-out IN/OUT is NOT a choice of the capacity provider.

By default, all volumes are classified as “IN”

Only in exceptional cases, that are described in the CRM framework, are volumes considered as “OUT”

- For example, after the submission of an official closure notification to the administration



Opt-out classification

- ✓ Default classification is IN;
- ✓ OUT if opt-out reason is part of the list below. If opt-out is created by ELIA, only OUT in case of marked reasons:

Y-4/Y-2

Y-1



Full opt-out & no signed Connection Contract or based on info in signed Connection Contract, capacity will not be available by the start of the delivery period

Full opt-out & no signed Connection Contract or based on info in signed Connection Contract, capacity will not be available by the start of the delivery period

Full opt-out of New Build CMU (depending on whether the capacity follows the Standard or Fast Track Process)

Full opt-out of New Build CMU (depending on whether the capacity follows the Standard or Fast Track Process)

Definitive commissioning or definitive structural reduction of capacity

Definitive commissioning or definitive structural reduction of capacity

Part of non-firm capacity of connection with flexible access

Temporary decommissioning or temporary structural reduction of capacity

No obligation to prequalify (pro rata according to NRP of capacities in case of mix)

Part of non-firm capacity of connection with flexible access



Currently no final design on the flexible access. Hence no changes are being proposed for the public consultation

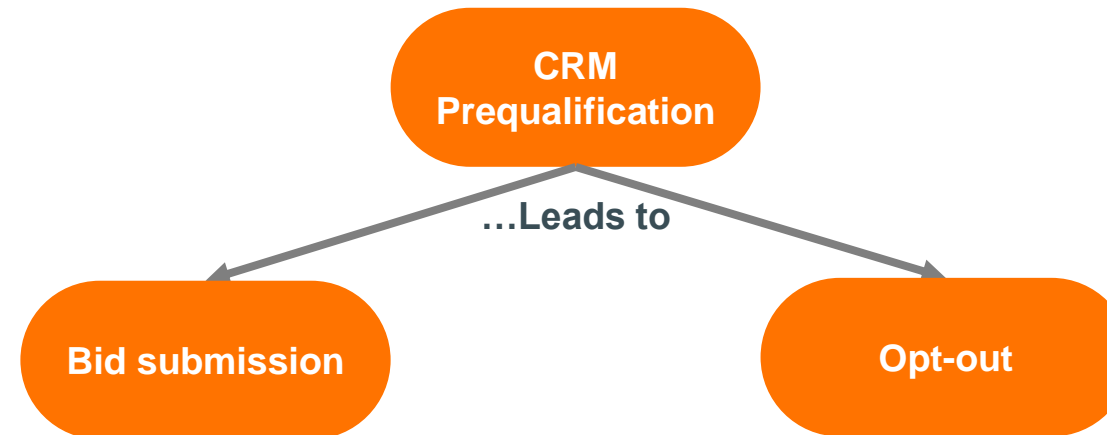
Where relevant the opt OUT decision is transposed to Y-2 and Y-4



No obligation to prequalify (pro rata according to NRP of capacities in case of mix)

Motivational letter, not contributing to adequacy

Auction participation based on connection timeline



No evaluation of timely connection delivery performed

- Participation still allowed even though connection potentially not ready before start delivery period
- To-be – Alignment with Opt-out rules makes sense: no contribution to adequacy.
- Participation not allowed if connection not ready in time: PQ File is rejected
- Timeline evaluation is required (next slide)

§ 222: “...based on the information available in the *Connection Contract signed with ELIA or with the DSO*, as applicable, it appears that the capacity will not be available by the start of the Delivery Period...”

→ Opt-out considered as **OUT**

Evaluation of connection timeline

In order to evaluate the connection timeline, three different cases must be distinguished:

1 The unit has not signed a technical agreement before 25/08

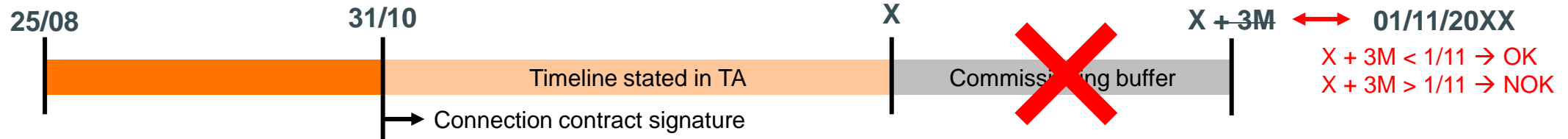
- Prequalification file is rejected
 - This case is already covered in the Functioning Rules today
- No design changes foreseen

Evaluation of connection timeline

In order to evaluate the minimum connection timeline, three different cases must be distinguished:

2 The unit has signed a technical agreement (EDS)

- Evaluation based on connection timeline stated in TA
- Timeline starts as of the connection contract signature: earliest signature assumed to be 31/10 (auction results)
 - For units that only have a Technical Agreement, CRM selection prerequisite for project realization, connection contract signature only after CRM selection known
- ~~A commissioning buffer of 3 months is used~~
 - ~~After the connection is constructed, typically a three-month period is required to put the asset into service (commissioning tests)~~



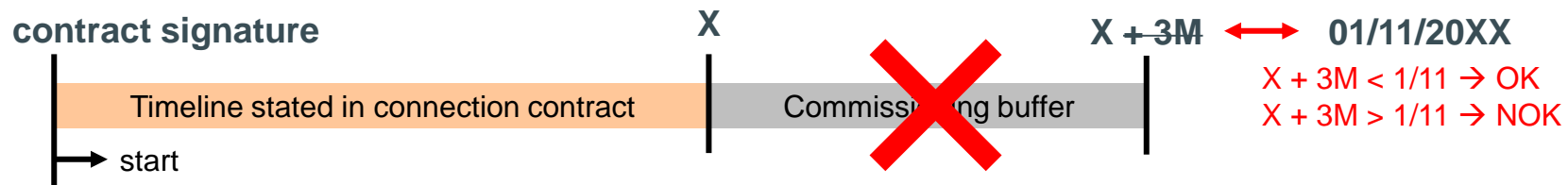
→ In case it appears the end of the timeline ($X + 3M$) is after the start of the delivery period (1/11/20XX), the Prequalification File will be rejected

Evaluation of connection timeline

In order to evaluate the minimum connection timeline, three different cases must be distinguished:

3 The unit has signed a connection contract

- Evaluation based on connection timeline stated in connection contract
- Timeline starts as of the connection contract signature
- ~~A commissioning buffer of 3 months is used~~
 - ~~— After the connection is put into service, typically a three-month period is required to put the asset into service (commissioning tests)~~



→ In case it appears the end of the timeline ($X + 3M$) is after the start of the delivery period (1/11/20XX), the Prequalification File will be rejected

Standard PQ

Existing

Additional

FSP-DSO Agreement **required** for the Nominal Reference Power (NRP) calculation.

→ NRP determined & communicated to ELIA by the corresponding DSO

Fast Track

Existing

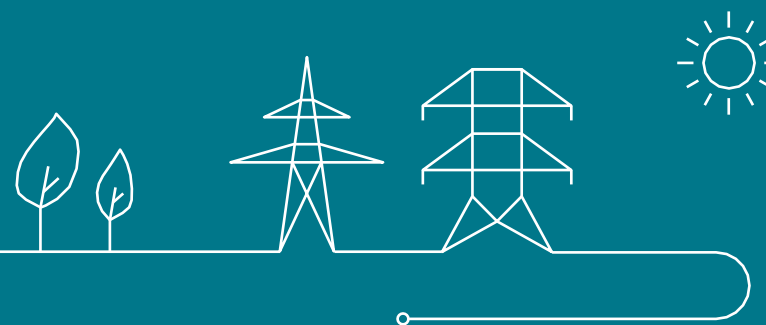
Additional

FSP-DSO Agreement **is not required** for the Nominal Reference Power (NRP) calculation.

→ NRP declared by the CRM Candidate and communicated to ELIA by the DSO



Auction



Auction

Theme	Topic	Issue	Proposal	Presented today
Cross border participation	Consideration of Foreign bids	Potential issue with competition domestic and foreign bids	Elia proposes not to amend the current auction clearing mechanism	YES
	Transfer from Pre-Auction to Auction	Better alignment with the RD Indirect Foreign Capacities	Automatic transfer of the Pre-Auction bid into the Auction Bid	NO
Grid constraints	Standstill for grid constraints	GC serve no purpose in the current framework	Slides proposed in WG 27/09	NO
	Removal of waiver	Waiver serves no purpose in the current framework	Slides proposed in WG 27/09	NO
	Other SO grid constraints	Deadline is not feasible	Change of deadline for the delivery of DSO and FTSO grid constraints shifted to 15/09	NO
Clarification	Re-write dynamic correction	Not aligned with legal framework	The dynamic correction will become a downward correction	NO
	Bid compliance conditions	Inconsistency between Investment File and CRM FR framework	Linked and mutually exclusive bid compliance conditions	YES
Flex connection	Consideration of flex connections	Right accounting of opt out in/out cfr. Request form the CREG	Not taken into account since the design evolution of the flex connection has not been finalized at the start of the public consultation.	NO



Auction clearing considering cross border participation

Following CREG's decision (B)2773, Elia has further investigated different clearing mechanisms to avoid contractualization of domestic bids which are more competitive than foreign bids (thus increasing the volume of domestically selected bids).

- Elia has investigated different options to attain the desired result, being an increase in implicit contribution for non selected explicit cross border bids.
- However, as long as a sequential approach is kept to cross border participation (pre-auction and then auction), the relevant constraints cannot be integrated into a single auction clearing.
- Hence, the only solution would be a variant on an iterative auction clearing, leading to an increase of complexity and a potential loss of welfare.

Hence, Elia proposes to not adapt the auction clearing mechanism.



Auction design – Linked and mutually exclusive bid compliance conditions

Elia proposes to align the possibilities to submit linked bids between the FR and the RD:

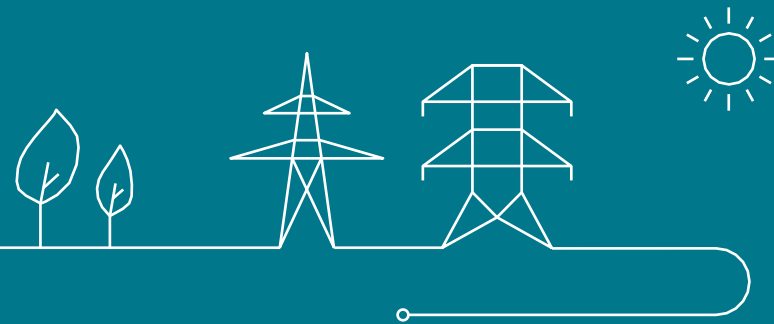
- only allow linked bids for linked capacities in line with the definition stated in “l’AR seuils et critère d’investissement”

In addition, Elia would also like to propose that a similar constraint also applies to indicate bids belonging to two different CMUs as being mutually exclusive:

- Only CMUs that cannot both be selected for technical reasons should be allowed to be mutually exclusive
- For example: two projects on the same site



Availability Obligation



Availability Obligation

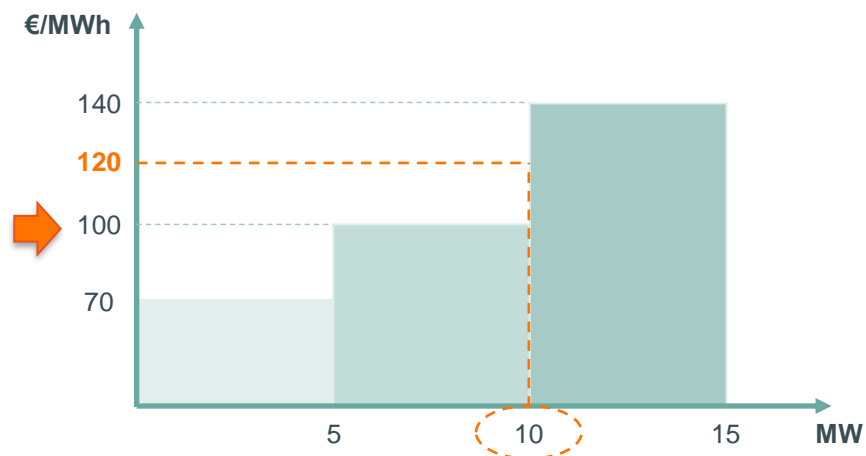
Theme	Topic	Issue	Proposal	Presented today
Simplification	Overperformance	Currently there is a penalty for overperformance	Removal of the penalty for overperformance allows for a significant simplification. Elia will only propose this change if it can be applied retro-actively	YES
	AS corrections	Revision of existing rules & clarification for XB	Modifications in line with earlier proposal in the WG Adequacy	YES
	Downward revision	Simplification of process	Modifications in line with earlier proposal in the WG Adequacy	NO
	Revision of Annexes	Simplification of the FR	Elia has restructured and clarified the Annexes regarding the Availability Obligation	NO
Improved baselining methodologies	Declared baseline	Elia's proposal for a new baseline methodology	See design note and presentation 27/09	NO
	High X of Y baseline improvements	Refinement of the existing baseline methodology	See design note and presentation 27/09	NO
Testing	Testing regime	Availability Test could lead to large imbalances	Elia proposes to shift the announcement of the Availability Test	YES



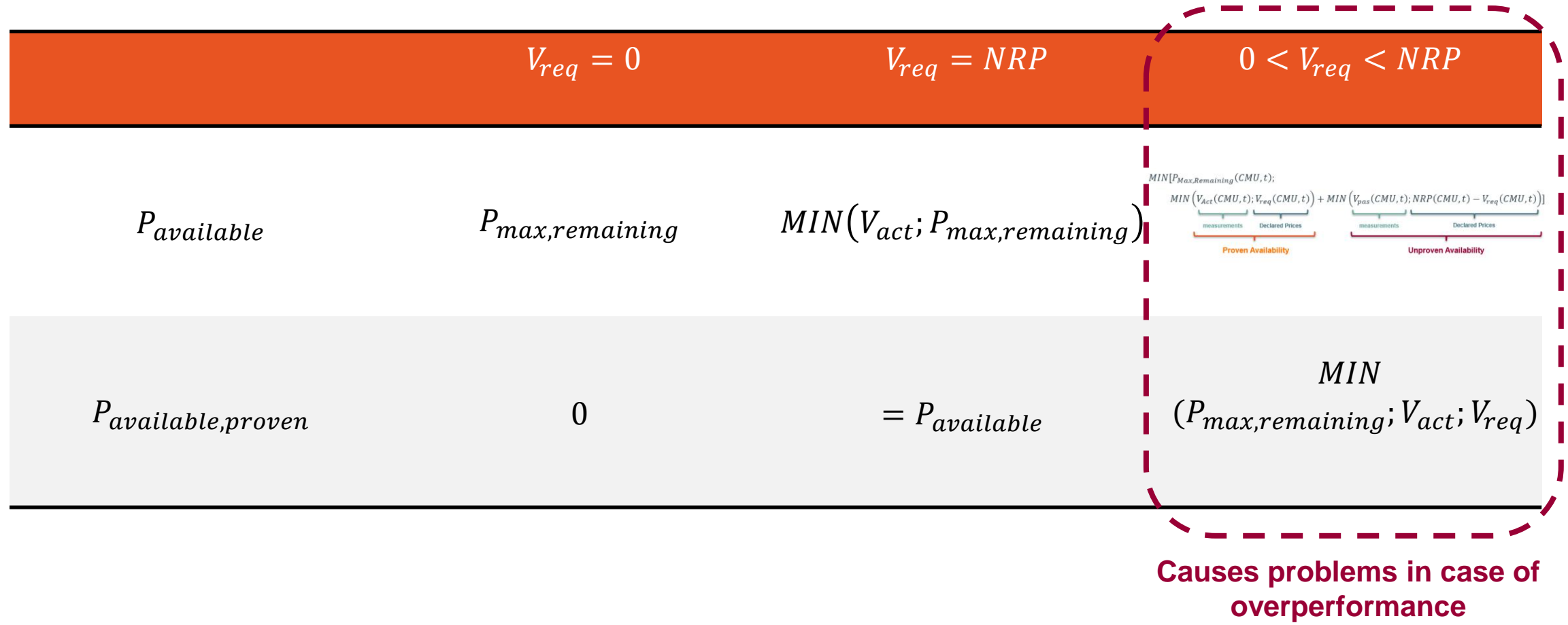
What is overperformance in the CRM?

- Non-daily Schedule CMUs need to submit their **Declared Prices & Associated Volumes**
- From the moment the Declared Price is exceeded on the market, the CMU is expected to react with the Associated Volume
 - The expected reaction is called the **Required Volume**
 - When Elia in reality observes that the CMU was present with more than the Required Volume, we unofficially call this **overperformance**

partial Declared Price	Associated Volume
70	5
100	10
140	15



Available Capacity for Non-daily Schedule CMUs depends on the Required Volume



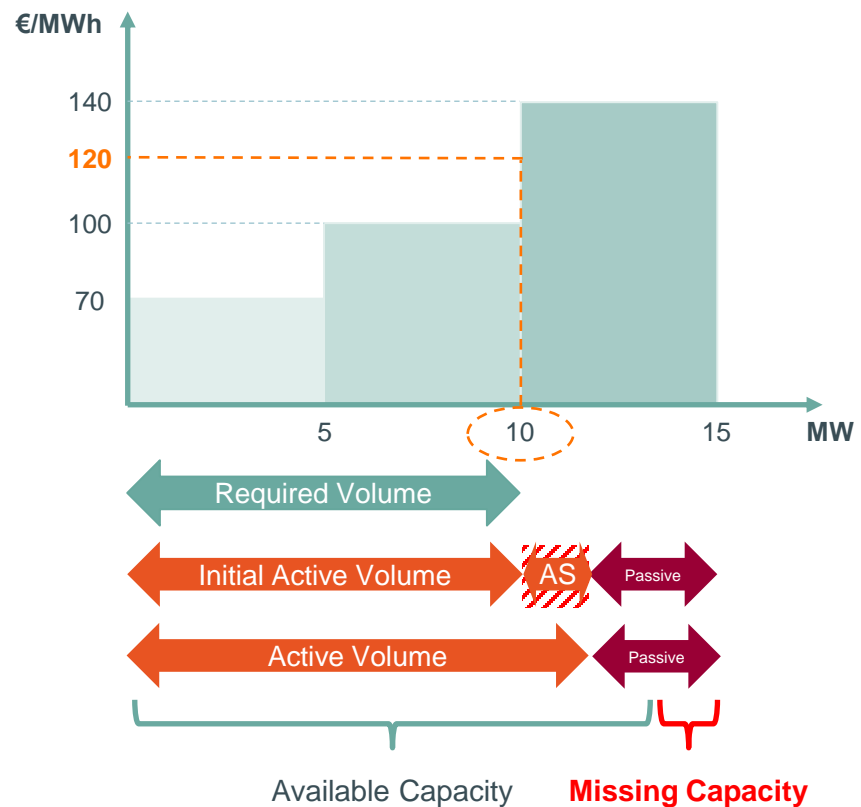
Overperformance in the Availability Obligation

- Overperformance is in essence not a bad thing; the CMU effectively contributes more to security of supply
- Overperformance can be caused by a variety situations:
 - 1 Inaccurate Associated Volumes: overperformance “by accident”, e.g. offtake units
 - 2 AS & RD corrections
 - 3 ...



Example of overperformance

AS & RD corrections



- Obligated Capacity is 15 MW
- The Required Volume is equal to 10 MW
- The CMU dispatched with 10 MW
 - Initial Active Volume equals 10 MW
- The CMU has an AS reservation of 2 MW
 - Added to Active Volume as a correction
- Capacity is calculated as

$$\text{MIN}(V_{act}; V_{req}) + \text{MIN}(V_{pas}; NRP - V_{req})$$
- Available Capacity is equal to 13 MW
- 2 MW Missing Capacity
- The overperformance causes Unavailability Penalties

Key takeaways from the current design and proposal for modification

- The current design penalizes overperformance, even when this is not always justified
 - It can be argued that the design prevents gaming, but this comes at the cost of massive complexity
 - Elia proposes to
 - Calculate Available Capacity as $MIN(V_{act} + (NRP - V_{req}); P_{max,remaining})$
 - Calculate Proven Availability as $MIN(P_{max,remaining}; V_{act})$
- Regardless of level of Required Volume
- **Elia believes this is a massive simplification for all actors involved**

Due to implementation constraints, Elia will only consider this evolution if it can be applied to all existing and future contracts.



One formula to rule them all

- In case $V_{req} = NRP$
 - $MIN(V_{act} + (NRP - V_{req}); P_{max,remaining})$ simplifies to $MIN(V_{act}; P_{max,remaining})$
 - That's the formula that's already there
- In case $V_{req} = 0$
 - $MIN(V_{act} + (NRP - V_{req}); P_{max,remaining})$ simplifies to $MIN(V_{act} + NRP; P_{max,remaining})$
 - By definition $P_{max,remaining} \leq NRP$
 - The formula is thus always equal to $P_{max,remaining}$
 - That's the formula that's already there
- Same logic applies for the formula for the $P_{proven,available}$



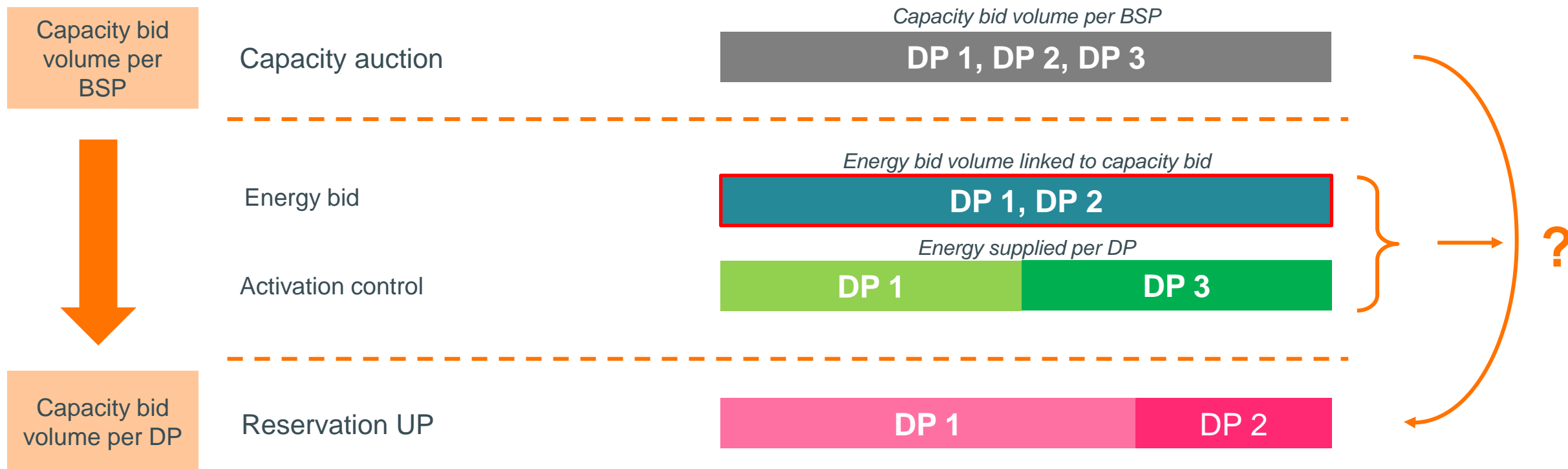
AS & RD corrections, Downwards revision and Declared Prices

- In line with the design changes proposed in the [WG of 31/05/2024](#), the corrections for AS & RD have been improved
 - New formula for the calculation of AS contracted capacity: since these auctions take place on a portfolio level but are needed on a Delivery Point level for the correction, an allocation method is proposed where the average activation of the Delivery Point over the last three months is used
- In line with the design changes proposed in the [WG of 27/09/2024](#), the modalities of the downwards revision have been adapted
- Elia has re-structured the Functioning Rules concerning the notification of Declared Prices
 - No changes in terms of content
 - Practical declaration modalities have been moved to the annex in order to increase readability



AS & RD corrections: determination of reserved volume on Delivery Point level

BSPs participate to capacity auctions with a portfolio of delivery points: Capacity bid volume per Delivery Point not available

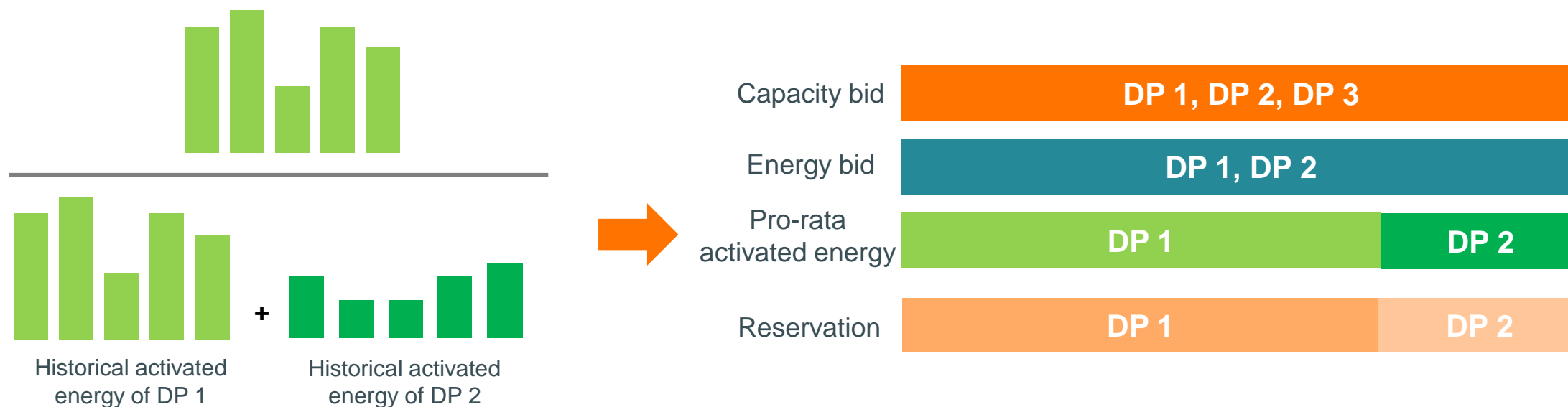


- Elia proposes to split the Capacity Bid volume over the Delivery Points that are included in the energy bid based on an approach using historical activations

AS & RD corrections: Determination of reserved volume on Delivery Point level

Elia proposes to calculate the total reserved volume based on the share of activated energy over an historical period:

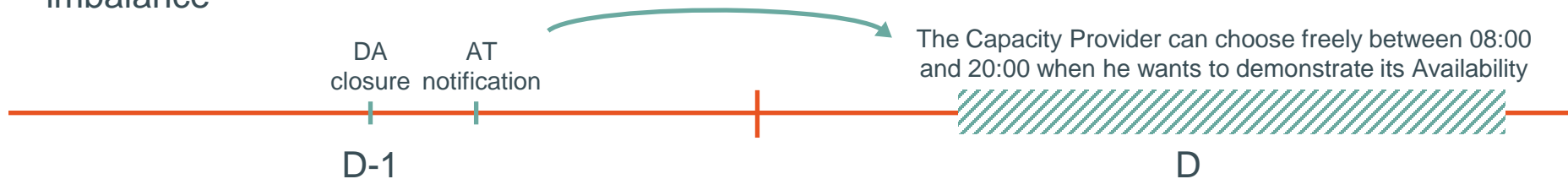
$$V_{reservation,UP,DP}(t) = V_{reservation,UP,total}(t) \cdot \frac{\sum_{i \in T} V_{activation,UP}(DP, i)}{\sum_{DP \in bid} \sum_{i \in T} V_{activation,UP}(DP, i)}$$



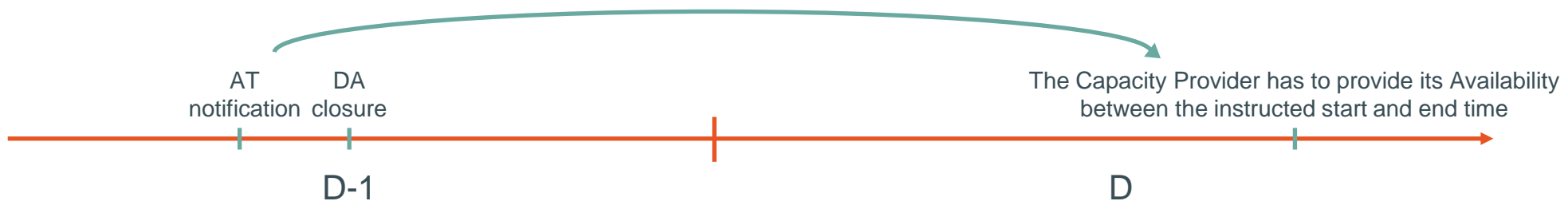
- This approach allocates the capacity bid volume to the Delivery Points that are, on average, contributing the most to the actual activation of volume.
- If no energy was delivered by any delivery point, all delivery points get an equal share of the capacity bid volume

Availability Testing

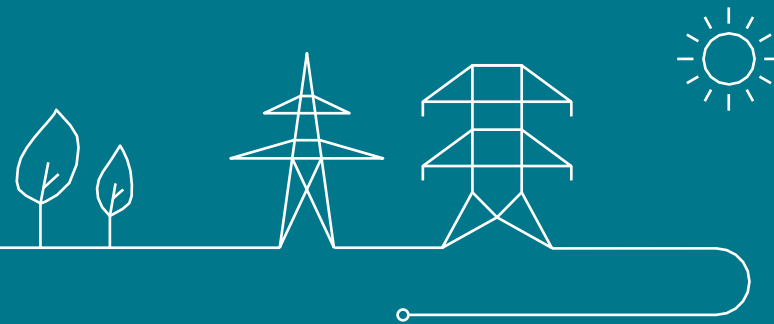
- The existing design only announces a Test after DA closure, which could potentially lead to a large imbalance



- Elia proposes to
 - shift the announcement to before DA closure, enabling Capacity Providers to trade their Available Capacity on the more liquid Day-ahead Market
 - Include a fixed start and end time in the notification that the Capacity Provider needs to follow



Payback obligation



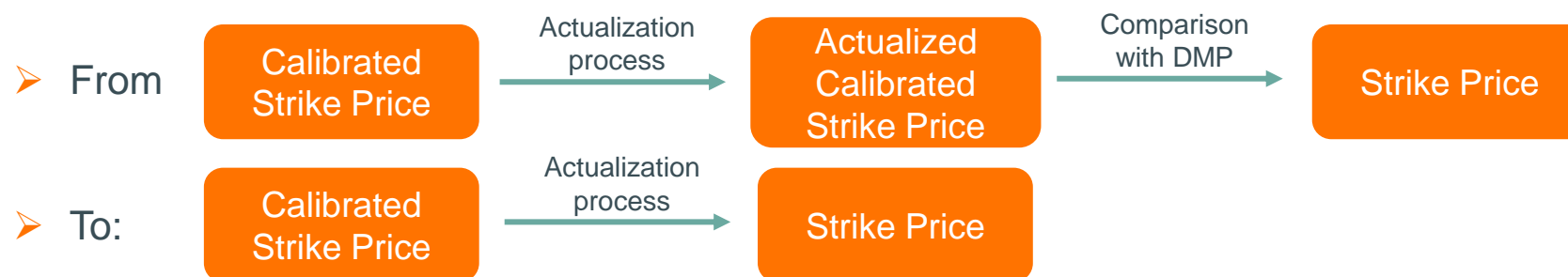
Payback obligation

Theme	Topic	Issue	Proposal	Presented today
EC decision	Removal of DMP for fossil fuel units	Alignment with EC decision	Including standstill clause for update of RD methodology	YES
	Payback exemption for non fossil fuel	Alignment with EC decision	Including standstill clause for update of RD methodology	NO
Simplification	Removal of the Activation Ratio	Alignment with EC decision	As a logical consequence of the eradication of the DMP, the Activation Ratio is removed	YES



Removal of the Declared Market Price (DMP)

- In line with the decision of the EC
- Removing the DMP allows to streamline the Payback Obligation rules

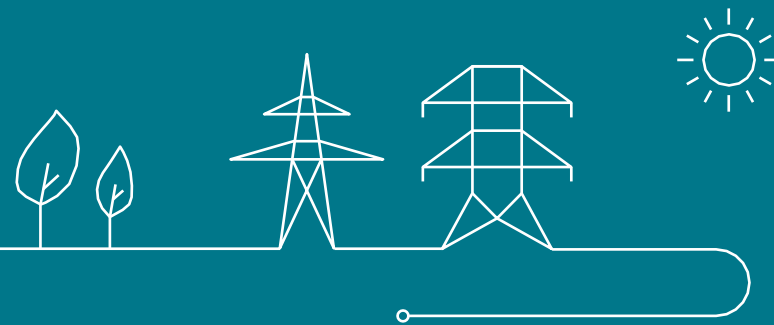


Removal of the Activation Ratio

- The removal of the DMP allows for the removal of Activation Ratio
- The Activation Ratio was added to address an issue with partial activations during the Payback Obligations
 - With the Payback Exemption, this problem does no longer present itself and the ratio is effectively redundant
 - Any CMU subject to the Payback Obligation will have a full activation during Payback Events
 - The Required Volume is equal to the NRP during Payback Events



Pre-delivery monitoring

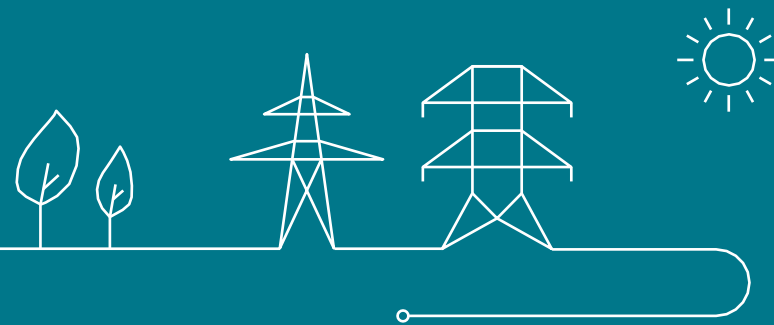


Pre-delivery monitoring

Theme	Topic	Issue	Proposal	Presented today
Clarification	Change in CMU status	Additional to Existing Virtual to Existing	Procedure of going from Additional to Existing after moment of control $t_{control2}$ clarified. Procedure of going from Virtual to Existing simplified.	NO
	Moments of control for MY contracts	Unclarity about moments of control	Each CMU (Y-4, Y-2 & Y-1) is subject to the moment of control $t_{control2}$ that takes place the last day before beginning of the Delivery Period – i.e., 31/10/Y . For CMUs contracted in Y-4 and Y-2 Auctions , the moment of control $t_{control1}$ takes place, respectively, on 31/08/Y-2 and 31/08/Y-1	NO
Simplification	Decoupling of Permitting Milestone and Quarterly Reports	Permitting Milestone only reached through Quarterly Reports	The Permitting Milestone will be reachable throughout the whole Pre-delivery period rather than being linked to the Quarterly Reports. See slides 27/09.	NO
	Virtual to Existing process	Complicated process through the secondary market to become Existing	See slides 27/09.	NO



Secondary market



Secondary market

Theme	Topic	Issue	Proposal	Presented today
Simplification	Queueing	Shorten transaction approval timeline	Reduce timing for subsequent SM transactions	NO
Clarification	Retro-activity	Define what rules apply to SM contracts	Each transaction – specific set of FR	YES
Clarification	Secondary Market Volume	FRv4 did not allow to trade volume on the SM outside of SLA hours.	New formula added to include this case	NO



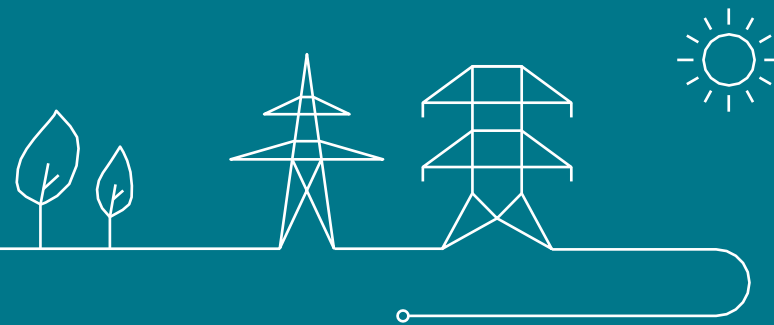
Application of CRM Functioning Rules on Secondary Market trades

Elia has been requested to clarify under which rules a Secondary Market Transaction would take place.

- *The last version of the Functioning Rules apply to Secondary Market transactions, except for the rules stated in Annex 18.8 (H)*
- *For the rules that are not applied retro-actively (contained in Annex 18.8), the date of signature of the original Primary Market transaction is used to determine the applicable version of the FR.*

To this end, Elia has clarified throughout the Functioning Rules, the use of the terminology Transaction (implying a new Annex A.x to the capacity contract) and Capacity Contract (being the framework agreement signed between Elia and the Capacity Provider).

Cross border participation



Cross border participation

Topic	Issue	Proposal	Presented today
XB CRM Permit Verification	Clarity required around Permit Verification process for Indirect Foreign Capacities	The timings and the role of the Foreign TSOs in the process are clarified.	NO
XB CRM Data Aggregation	Process of data aggregation asked to the Foreign TSOs was not in the rules	If data aggregation is necessary to comply with requirements to participate to Admission / Prequalification, the Foreign TSO is responsible to provide such data.	NO
Multi CRM participation	Clarification on formula's for multi CRM participation	No multi-selling of capacity allowed. The availability of a CMU will be done based on the total contracted capacity	YES
Transfer from Pre-Auction to Auction	Better alignment with the RD Indirect Foreign Capacities	Automatic transfer of the Pre-Auction bid into the Auction Bid	NO
Harmonization with the XB RD	Timings and process where not 100% aligned	Admission result notification → 4 WD after May15 Automatic transfer of bid	NO
Specific requirements / border		[NL] EMS/ Scada Data [DE] All CMU shall submit a Daily Schedule	NO



Following the §131 of CREG’s decision B2773, Elia should precise the modalities regarding the multi-CRM participation

Currently, the Functioning Rules refer to the ACER methodology. To go further, Elia need some precision regarding the formula.

The main discussion is about how should the Available volume be calculated / considered; Depending on the interpretation of the ACER formula for available volume, a capacity provider can or cannot contract more capacity than it has.

AVAILABLE VOLUME

$$\begin{aligned}
 & \text{avail. volume}_{CM}(MTU) \\
 &= \text{total avail. capacity}_{CM}(MTU) * \frac{\text{avail. commitment}_{CM}(MTU)}{\sum_{i \in CMs} \text{avail. commitment}_i(MTU)}
 \end{aligned}$$

NON-AVAILABLE VOLUME

$$\text{non - avail. volume}_{CM}(MTU) = \text{avail. commitment}_{CM}(MTU) - \text{avail. volume}_{CM}(MTU)$$

Where

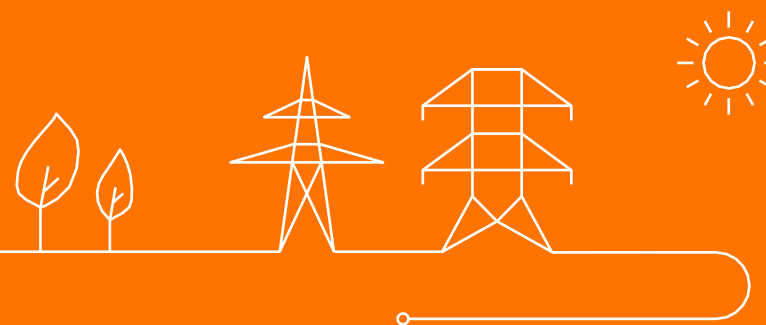
- *avail. volume_{CM}(MTU)* is the availability volume of the CMU in a given CM;
- *total avail. capacity_{CM}(MTU)* is the total available capacity of the CMU as a result of availability checks in the given CM;
- *avail. commitment_{CM}(MTU)* is the availability commitment of the CMU in the given CM;
- $\sum_{i \in CMs} \text{avail. commitment}_i(MTU)$ is the total availability commitment of the CMU in all CMs which the CMU is contracted in.

The denominator of the available volume’s formula (i.e. $\sum_{i \in CMs} \text{avail. commitment}_i(MTU)$) needs to be clarified as it could be interpreted in 2 different way :

- 1) Commitment refers to capacity contracted on an annual basis, regardless of when the market is under stress (AMT MTU in Belgium and PP2 in France).
- 2) Commitment refers to capacity committed during the specified MTU where the availability checks are made. The variable therefore changes according to the MTU chosen and the situation in each country.



Planning 2025



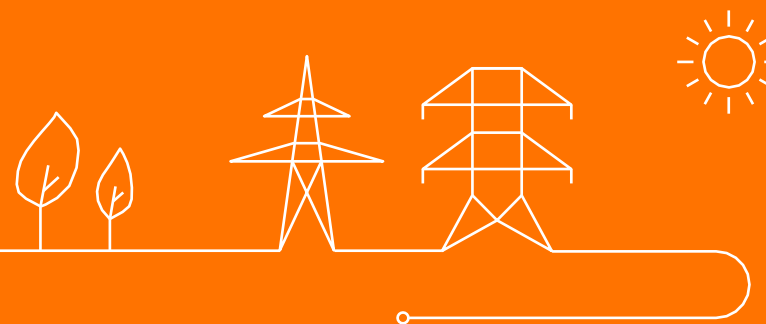
Working Group Adequacy Planning 2025* :

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
WG	Mon 27/01 PM (13:30-16:30)	Fri 21/02 AM (09:30-12:30)	Fri 28/03 PM (13:30-16:30)	Thu 17/04 PM (13:30-16:30)	/	Wed 18/06 AM (09:30-12:30)	/	Thu 28/08 PM (13:30-16:30)	/	Thu 16/10 PM (13:30-16:30)	/	Tues 16/12 AM (09:30-12:30)

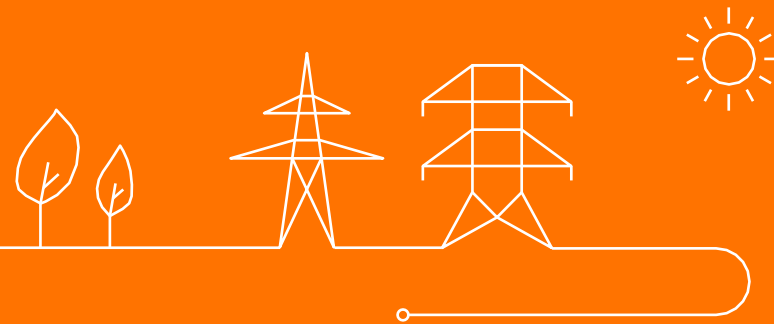
* Subject to changes



AOB



Next meetings



Next meetings

- Wednesday **18/12/2024** : **WG Adequacy** (09:30 to 12:30)
- Monday **27/01/2025** : **WG Adequacy** (13:30 to 16:30)
- Friday **21/02/2025** : **WG Adequacy** (09:30-12:30)
- Friday **28/03/2025** : **WG Adequacy** (13:30-16:30)
- Thursday **17/04/2025** : **WG Adequacy** (13:30-16:30)
- Wednesday **18/06/2025** : **WG Adequacy** (09:30-12:30)

Please find further information on the next meetings through the [WG Adequacy webpage](#)



Thank you.

