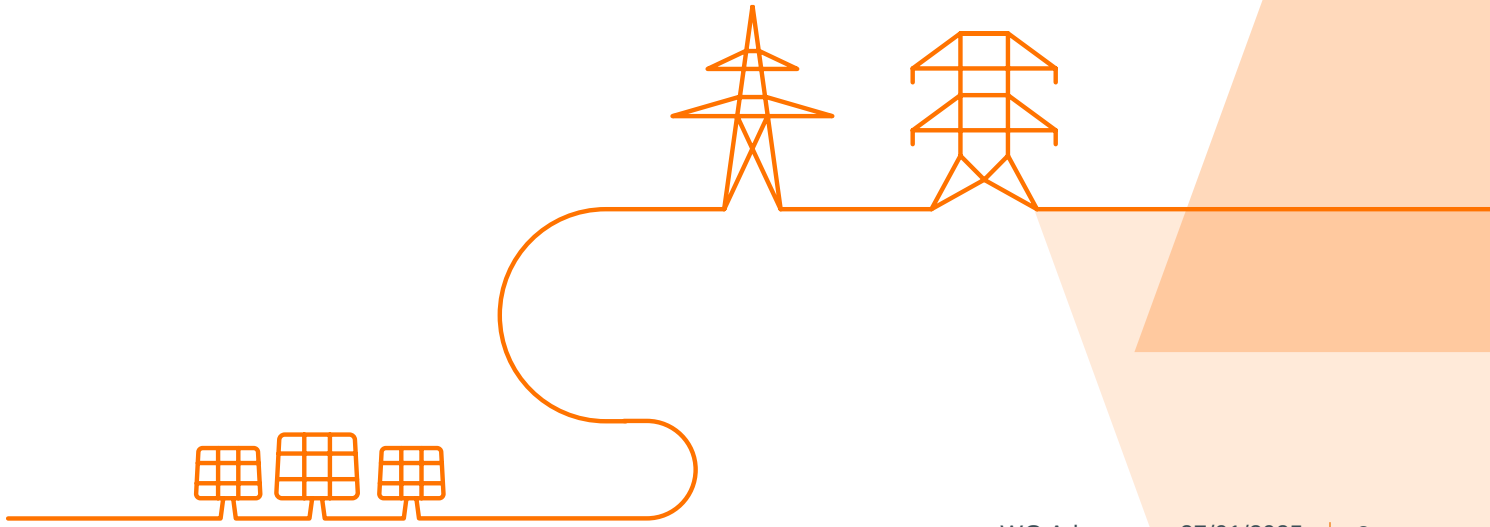
WG Adequacy #37

27/01/2025

Agenda

- Welcome
- Functioning rules – Public consultation responses
- AOB & Next meetings



Welcome

Reactions to the Public Consultation on the FR

Reactions to the Public Consultation on the FR

We have received 6 official responses from the public consultation :

4 Non-confidential

2 Confidential

- Reactions discussed in next slides are not exhaustive and are meant to what ELIA considers to be the main comments on the public consultation or where ELIA has made changes to its proposal.
- Public consultation report with feedback on all reactions will be published beginning of February
- ELIA will submit the amended version of the FR v5 following the public consultation by February 1st.

General Provisions

Retro-active application of changes

- [FEBEG] is of the opinion that the changes in relation to the Functioning Rules and the CRM contract cannot be applied to existing commitments […] unless there is consent of the capacity provider.
- [FEBEG] lists the availability test timing change, required volume and DMP as elements which should not apply retroactively
  - ELIA has provided more flexibility regarding the scheduling of the Test and insists, again, that these will only be planned at adequacy relevant moments. Hence, ELIA is convinced that retro-active application is feasible
  - ELIA has further clarified Annex 18.8H to provide a crisper framework on retro-activity, but notes that it is the final decision of the CREG

Application of 15' MTU

- [FEBEG] is of the opinion that it is unacceptable that the fundamental change of 'hour' to 'MTU' is implemented without any analysis and discussion
  - ELIA wants to point out that the change has been known for several years and that the go-live is currently planned for almost 6 months before the start of the Delivery Period.

Prequalification

Requirements for CMUs and Delivery Points

- [Fluvius] Requests clarifications on the requirements for Additional and Existing Delivery Points connected to the DSO-grid. Furthermore, Fluvius requests clarifications on the availability of data on the Flexhub.
  - ➢ ELIA has amended the requirements and added clarifications to address the comments of Fluvius.

The minimal size of Low Voltage Delivery Point Groups (LVDPG)

- [Fluvius] supports the removal of the minimum size for LVDPGs, but, indicates that this should be limited to one LVDPG below the 100 kW threshold per DSO. Otherwise, LVDP could participate individually to the CRM
  - ➢ ELIA agrees with the comment and has made the necessary adaptations.

The NRP calculation window

- [Fluvius] commented on the timings foreseen in the CRM FR with regards to the NRP calculation window. Especially in relation to the NRP calculation for LVDP.
  - ➢ Following Fluvius' comment, ELIA proposed to harmonize the NRP calculation window [See deep-dive slide]

Prequalification

Grid constraints

- [FEBEG] supports the introduction of the standstill clause for the calculation of the grid constraints
- [Fluvius] clarifies that the grid constraints will not be calculated [by them] for TSO-connected points
  - ➢ ELIA has added that indeed that other Grid Operators are still able to share grid constraints. ELIA has also added that it will communicate before the start of the PQ process whether the standstill clause remains in effect.

Expected commissioning data for the consideration of contribution to adequacy

- [Fluvius] Clarified that a technical agreement does not exists for DSO connected capacities, refers to the offer made by DSOs
- [FEBEG] agrees that the commissioning date should be before the start of the delivery period to allow a standard PQ process
  - ➢ ELIA has added clarifications on the evaluation of DSO-connected capacities.

NRP calculation for Linked Capacities

- ➢ On request of a market party, ELIA has clarified the rules regarding the NRP calculation of Linked Capacities

Prequalification

Modification of the PQ file

- [FEBEG] asks if it would remain possible to make modifications on September 30, between 06:00 and 17:00
  - A modification of the PQ file is not possible after September 30 06:00. This is the deadline described in the Service Time Schedule
  - ELIA has also added the definition of an Aggregated CMU and the conditions under which the DPs in the such a CMU can be changed.

Clarification on opt out

- [FEBEG] is of the opinion that it should also be possible to introduce a motivational letter specific for the Y-2 or the Y-4 auction.
  - ELIA considers it too early to evaluate such a situation (with sufficient firmness) in Y-2 and Y-4. ELIA introduced the new rules to ensure coherency with the classification in Y-1

Auction

Mutual exclusive bids:

- [FEBEG] understands the restriction on mutually exclusive bids for Existing CMUs, but argues that mutually exclusive bids for New-Build CMUs that are located in different geographical sites should still remain possible.
  - ➢ ELIA agrees with FEBEG on this point and has clarified that the new constraint only applies to mutually exclusivity of Existing CMUs.

Flexible connections:

- [FEBEG] asks ELIA to further develop rules aimed at better incorporating units with flexible connections in the CRM, as this type of connection is expected to become more prevalent in the future.
  - ➢ ELIA confirms its commitment to review the regulatory framework of connections with a flexible access and is closely monitoring any impact the evolution of this framework might have on the CRM. However, ELIA will only introduce the required changes to the CRM functioning rules when the regulatory framework regarding flexible connections is updated and intends to align with the concepts being introduced for the balancing services.

Capacity Contract Signature

Penalties in case of non-signature

- [FEBEG] argues that the penalty currently foreseen in case of non-signature of the capacity contract should also be applicable to the counter-party (i.e., ELIA).
  - ➢ ELIA disagrees with FEBEG on this matter, based (among others) on the following elements:
    - There are sufficient safeguards in respect of the signature of the contract by ELIA, including the monitoring powers exercised by the CREG
    - FEBEG's suggestion to provide for a mirroring penalty for ELIA in the context of a contractual relationship does not take into account ELIA's roles & responsibilities
    - It has little or no added value

Pre-delivery

Permitting milestone / permit report

- [FEBEG] has concerns on reaching the permitting milestone and indicates that ELIA requests additional information such as third-party attestations.
- [FEBEG] requests that once permits have been uploaded in the PQ File, they should not be resubmitted in the Permit Report
  - ELIA would like to point out that through this version of the CRM FR, the Permitting Milestone can be reached at any time during the pre-delivery period. However, ELIA does not see how the Permitting Milestone requirements could be relaxed.
  - ELIA understands the administrative burden related to the Permit Report, but insists it is the responsibility of the Capacity Provider to ensure a complete Permit Report.
  - ELIA will however, asses for the next iteration of the CRM FR how this can be simplified

Pre-delivery

Delay in infrastructure work

- [FEBEG] In case of a delay due to Infrastructure Works of less than 2 months, if the Capacity Provider does not ask for a shift of one year in the Delivery Period, the stakeholder suggests to:
  - Not apply $t_{control\ 2}$ penalty in the framework of Pre-delivery control;
  - Not apply penalties due to Missing Capacity in the framework of Availability control
  - Do no start the escalation procedure

➢ ELIA notes the stakeholder's perspective but does not fully agree. ELIA is open to develop this topic towards the next CRM FR. Given the balancing act in obligations / penalties, a deeper discussion is needed.

➢ As per § 478, a delay in Infrastructure Works does not inflict pre-delivery penalties to the Capacity Provider. However, removing all penalties whilst keeping the remuneration does not seem balanced (<> Force Majeure)

➢ A delay in infrastructure works can not necessarily be one to one linked to a delay of the capacity. It remains the obligation on the Capacity Provider to take all possible action to reduce this delay.

Pre-delivery

Additional to Existing process

- [FEBEG] asks to clarify which penalties apply in case a CMU follows the Additional to Existing process after the moment of control Tcontrol2.
  - ELIA has clarified the phrasing in the CRM FR. Moreover, the principles are:
  - Any volume which has not become Existing before Tcontrol2 is subject to Pre-delivery penalties (cfr. the Missing Volume).
  - Furthermore, any Missing Volume remains subject to the Availability Obligation (both Monitoring and Testing during the Delivery Period)
    - The Capacity Provider can always trade this capacity away on the Secondary Market

Availability

Unavailable Capacity and Scheduled Maintenance

- FEBEG requests that Unavailability Penalties should not apply when these are caused by works on the grid by the grid operator
  - ELIA does not agree; the framework of Scheduled Maintenance already foresees possibilities to mitigate this. Moreover, grid works are more often than not planned in collaboration with the Capacity Provider, who then uses the opportunity to do maintenance of its own. Lastly, the Secondary Market provides flexibility to trade away Obligations
- FEBEG asks more flexibility for the notification of Scheduled Maintenance
  - ELIA notes that the current notification is based on information provided in the OPA framework. In order to not create a parallel data stream with essentially the same information, ELIA prefers to leave the design as is.
- FEBEG asks that in case of an automatic notification of Unavailable Capacity, the Capacity Provider can select himself whether this is in first instance registered as Announced or Unannounced
  - ELIA agrees, and will endeavor to implement it as such

Availability

Proven Availability

- FEBEG reiterates its concerns regarding the Proven Availability for ex-post Secondary Market Transactions
  - ELIA takes note of FEBEG's concern but does not see new arguments compared to last year's discussion. Ex-post Transactions should only happen at near-scarcity moments, when Proven Availability is high anyways. Still, ELIA will take special care to monitor the impact as from the go-live
- The question was asked whether the Energy Management Strategy of BESS units in AS are taken into account
  - When the CMU has a Daily Schedule, the Available Capacity is based on the Outage Planning. As a result, the EMS will not impact the Available Capacity. For Non-daily Schedule CMUs the EMS might have an impact, and ELIA will evaluate how this can be taken into account.

Overperformance

- Febeliec supports ELIA's proposal for the adaptation of the Available Capacity formula
  - ELIA thanks Febeliec for the feedback

Availability

Availability Testing

- FEBEG requests that the notification of the Availability Test takes place between 09:00 and 09:30 so that there is still sufficient time to participate in the DA market
  - ➢ ELIA understands FEBEG's point, and has adapted the rules accordingly
- FEBEG expresses its concerns that a Test now has a fixed start and end time
  - ➢ ELIA understands FEBEG's concerns but notes that the timing of the notification has been modified as well to allow for much more flexibility. The Test now closely mimics an AMT Moment, which also has a fixed timing. Tests will avoid off-peak hours to minimize costs for Capacity Providers.
- Fluvius explains that for DSO or FTSO-connected CMUs, the relevant grid operator must be notified of the Test
  - ➢ ELIA agrees and clarifies that this has always been the aim, this has now been added explicitly

Payback

Strike Price

- FEBEG expresses its concerns regarding the methodology for the actualization
  - ELIA understands the concerns but notes that the current methodology has been the result of extensive regulatory discussions which would be hard to re-launch. The current methodology is solid, where the fixed component guarantees that the Strike Price never drops too significantly.

Availability Ratio

- FEBEG suggest that the Availability Ratio should not include the DSM or storage Delivery Points
  - ELIA notes that the Availability Ratio is calculated for the CMU as a whole, whereas the Payback Obligation is Transaction-based. Excluding the DSM or storage DPs would result in a structural underestimation of the Payback, which cannot be the goal

Stop-Loss

- FEBEG argues that the Stop-Loss Amount should exclude DSM or storage Delivery Points
  - ELIA takes note of the suggestion but notes that this implies that the Contracted Capacity would be determined per Delivery Point, which is not the case. Ergo, this suggestion is currently infeasible.

Secondary Market

Volume available for SM trades

- [FEBEG] indicates that the new formulas are not equivalent to the calculation of SMREV in FRv1-FRv3.
- ➢ The core principle of the secondary market is to avoid double counting, i.e. volumes which have contributed to adequacy in the auctions, cannot take on additional obligations (including non-eligible and opt out IN).
  - ➢ ELIA refers to the slide presented during the last WG

- [FEBEG] The maximum entry capacity, reduced by the implicit contribution and the contracted foreign capacities, should be available for SM trades.
  - ➢ ELIA confirms this is already the case

Secondary Market

Process for Secondary Market Trades

- [FEBEG] comments on the sequential nature in the approval for Secondary Market Trades and points out that large trades could take several months to complete.
- [FEBEG] comments on the increased timing for ELIA to process the transaction (from 2 WD to 3 WD) whereas the transaction approval timing is shortened. FEBEG questions whether the total time will not increase
  - ELIA proposes to introduces a queuing process with batch treatment of SM trades. This should significantly speed up the process in case of multiple transactions for the same CMU.
  - Furthermore, the changes in timing allow ELIA to perform actions in parallel, as illustrated in the deep dive slide
- [FEBEG] regrets the reduction of the time between the start of the Transaction Period and the Transaction Date from 12 WD to 10 WD
  - ELIA understands the concern raised by FEBEG, however in case of an AMT Moment, ELIA needs to communicate to the DSOs in a timely manner (10 WD after month M). With a period of 12 WD there is a risk that the necessary data is only available in M+2

Deep dive

NRP calculation

NRP calculation window

To keep a uniform NRP calculation period for all CRM candidates from different voltage levels and to avoid arbitration when filling a Prequalification File, ELIA proposes **to fix the NRP calculation window**:

- For a submission between the publication of the new Functioning Rules (15/05) and the PQ File submission deadline (15/06), NRP calculation period ends:
  - Calculation window is set to **15/05/Y-1 -> 15/05/Y** instead of depending on the submission deadline
  - All PQ files in the regular PQ process will have the same calculation window
- Outside from the period mentioned above, NRP calculation period ends 5 WDs before the end of the previous month of submission of the Prequalification File

NRP calculation for Linked Capacities – Clarification

The NRP of Linked Capacities is calculated using a three-step approach:

1. Calculated DP NRP – using metering data of Delivery Point only (NRP_i)
2. Calculated Total NRP – using aggregated metering data of all Linked Capacities (NRP_{Tot})
3. Divide Total NRP over Linked Capacities, using the DP NRPs of step 1

$$NRP = NRP_{Tot} \cdot \frac{NRP_i}{\sum_x NRP_x}$$

ELIA was asked to clarify this calculation in case one of the Linked Capacities is Existing (metering data available) and the other Linked Capacity is Additional (no metering data available)

- ELIA believes that in this case, the calculated DP NRP of the Additional DP should be zero for the purpose of calculating the NRP of the Existing Linked Capacity
- The justification behind this is the fact that in this case, it would mean that the NRP of the Existing Delivery Point is exactly equal to the NRP calculated based on the individual metering data (instead of the aggregated metering data which is used when all DPs are existing)

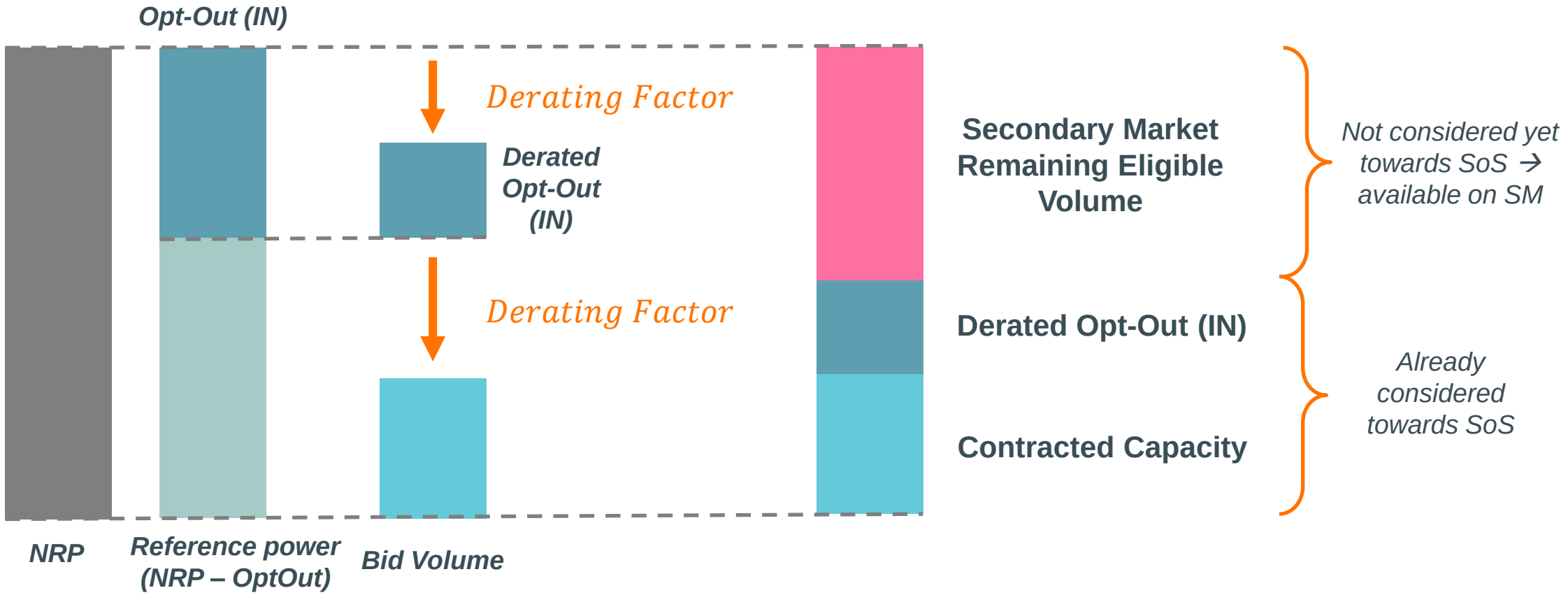
SMREV

Link between Opt-out notification and Secondary Market

Volumes which have already been considered towards adequacy, i.e., Opt-out IN volumes, cannot be used anymore on the Secondary Market

- However, any volume beyond the derated Opt-out IN and contracted capacity is still available to be traded

Example: Non-energy constrained CMU with an Opt-out IN notification & contracted capacity

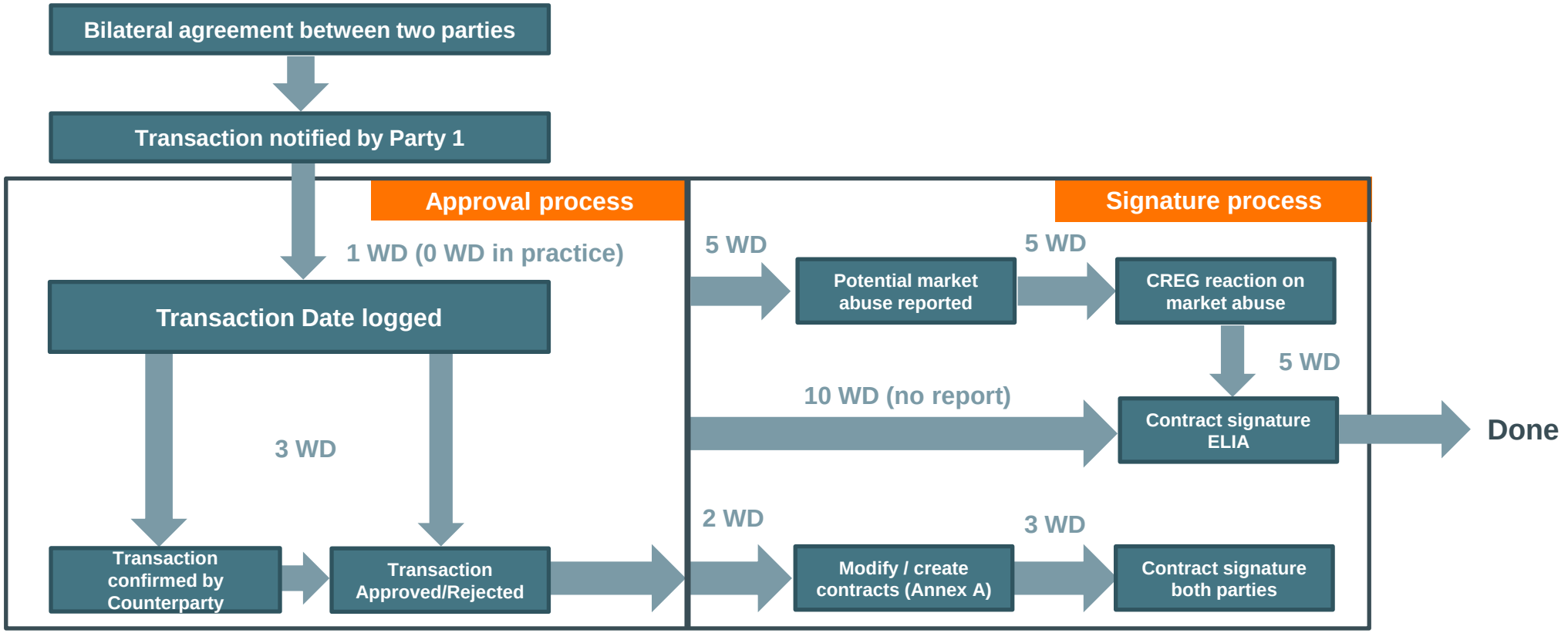


Secondary market queuing

SM transaction process – existing process

The current process consists of two phases that are executed sequentially:

1. Approval
2. Signature



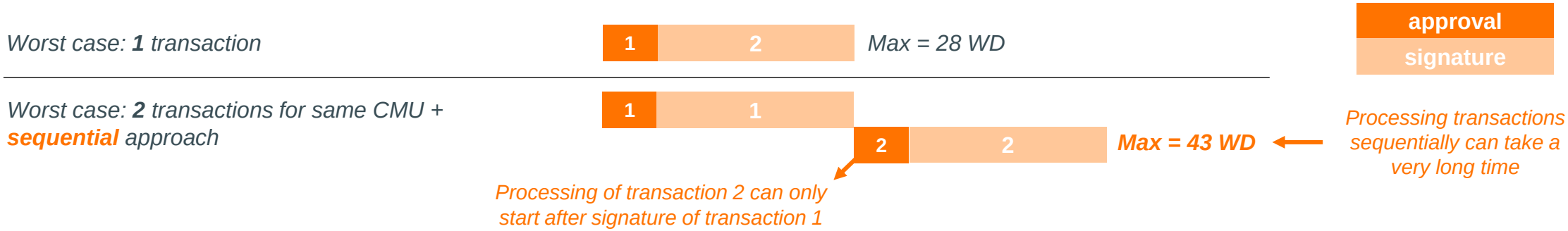
SM transaction process – Batch proposal

SM transaction process – batch approval

Today: sequential process:

Transactions are processed sequentially:

- the first transaction can take up to 28 WD to process, any following transactions can take up to 18WD.



Tomorrow: batch process:

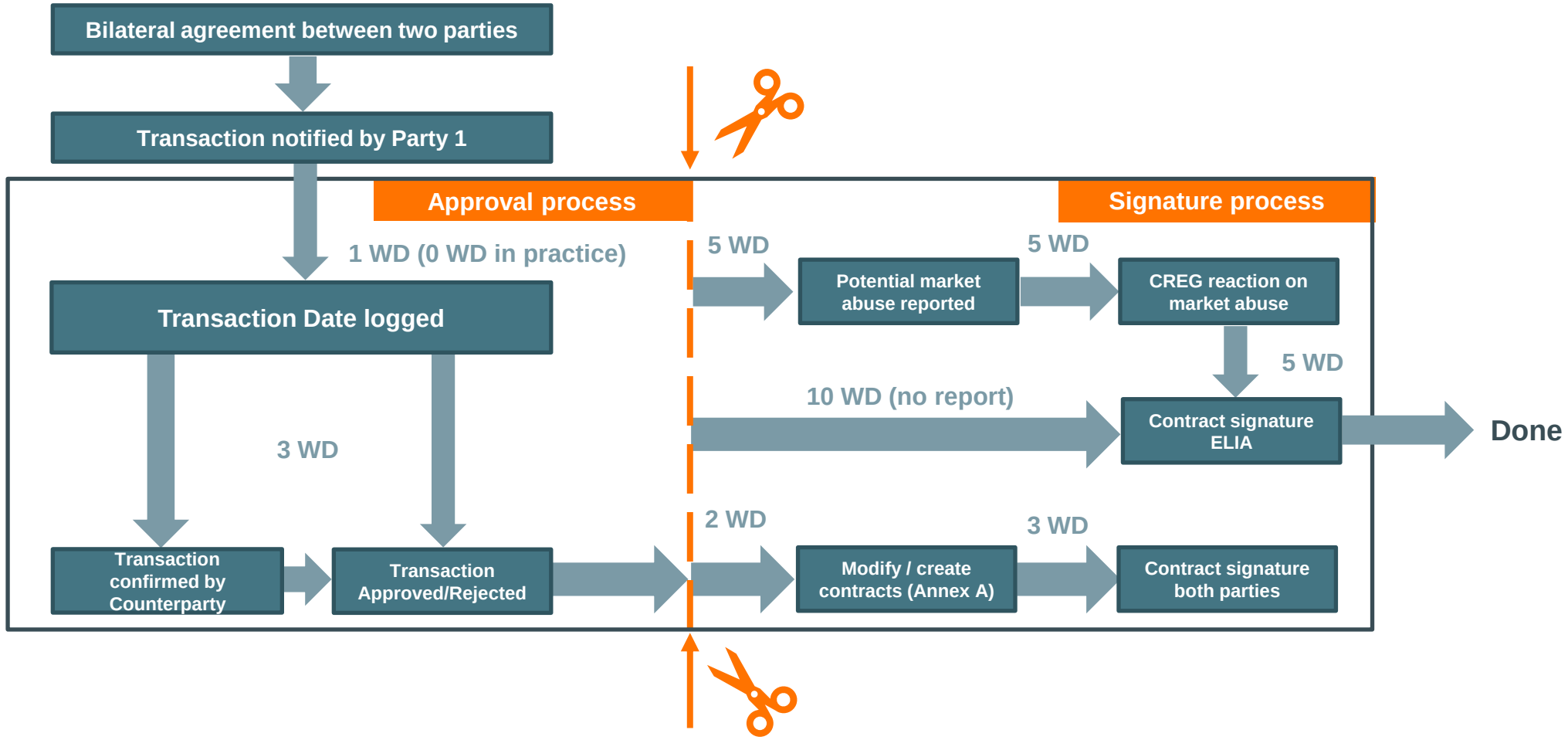
SM transactions can be processed in parallel

- Both individual sub-processes remain as-is
- A batch is added between both processes: multiple transactions approved and signed together

The batch process applies to all (ex-ante & ex-post) transactions

SM transaction process – Batch process

- To process transactions in parallel, a batch is introduced between the approval and signature processes



SM transaction process – Batch process

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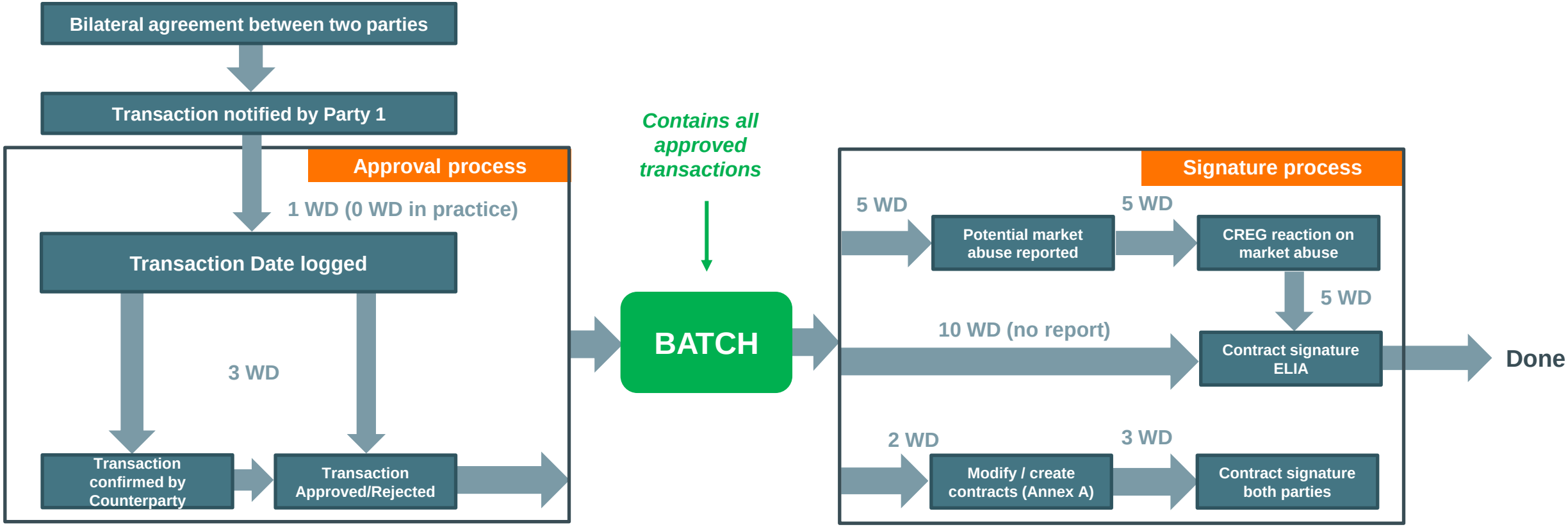
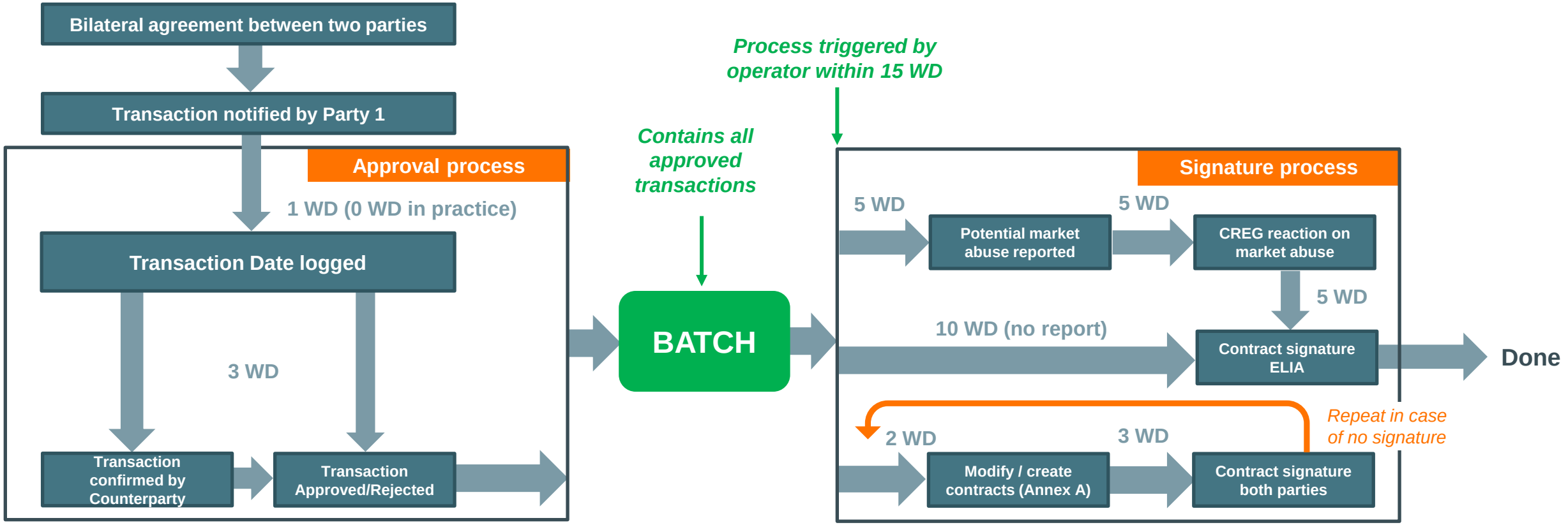


SM transaction process – batch process summary

Proposed design changes:

- The signature process for a transaction is not triggered directly after transaction approval
- Approval of transactions will also be based on previously approved transactions (and not only on signed transactions)
- Transaction signature process triggered by the operator at the latest 15 WD after transaction approval



Remaining Maximum Capacity DA

Remaining Maximum Capacity DA

An inconsistency was spotted regarding the definition of the Remaining Maximum Capacity:

- In the definition of chapter 3:

Remaining Maximum Capacity	The part of the CMU's Nominal Reference Power (in MW) that remains available after consideration of the Unavailable Capacity.

→ the RMC takes into account both Announced and Unannounced Unavailable Capacity

- In section 9.3.1.1 of the Availability Obligation

$$P_{Announced,Unavailable}(CMU,t) = NRP(CMU,t) - P_{Max,Remaining}(CMU,t)$$

→ the RMC only takes into account the Announced Unavailable Capacity

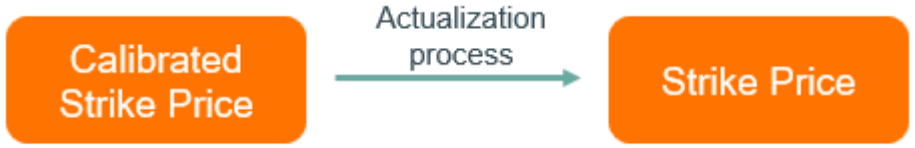
➢ ELIA proposes to align the definitions to avoid confusion: both Announced and Unannounced is taken into account

$$P_{\sout{Announced},Unavailable}(CMU,t) = NRP(CMU,t) - P_{Max,Remaining}(CMU,t)$$

Strike Price and Actualized Strike Price

Strike Price and Actualized Strike Price

- In the public consultation, ELIA proposed to use Calibrated Strike Price and Strike Price



- As pointed out by the CREG, the Strike Price is in fact defined in the RD and is the value that is used in the Auction. To be aligned with the RD definitions, the FR have been modified accordingly:

➢ This has no impact on the actually calculated Payback Obligation

Quarter-hourly Payback Obligation

Quarter-hourly Payback Obligation

- To account for the Day-Ahead market switching to a quarter-hourly granularity, the Functioning Rules have for some iterations included the following provision:

> 840. If the values of an element of the formulas are expressed in MW or €/MWh and have a lower granularity than an hour, an hourly average of those values applies to reach the hourly granularity.

- With the confirmation that DA will switch in Summer 2025, ELIA proposes to formalize this in the Payback Obligation formula by adding a division by 4

$$Payback\ Obligation\ (CMU_{id}, Transaction_{id}, t) =$$
$$\left(Reference\ Price\ (CMU_{id}, t) - Actualized\ Strike\ Price(CMU_{id}, Transaction_{id}, t)\right)$$
$$* \frac{Contracted\ Capacity\ (CMU_{id},\ Transaction_{id}, t)}{Derating\ Factor(\ Transaction_{id}\ )}$$
$$* \frac{Nominal\ Reference\ Power\ (CMU_{id}, Transaction_{id}) - \sum_{i=1}^{n} Nominal\ Reference\ Power\ DSM\ DP_i\ (CMU_{id}, Transaction_{id})}{Nominal\ Reference\ Power\ (CMU_{id}, Transaction_{id})}$$
$$* Availability\ Ratio\ (CMU_{id}, t)/4$$

- In doing so, ELIA aims to improve clarity on the application the aforementioned §

AOB

Next meetings

Next meetings

- Wednesday 12/02: General info session (from 13:00 to 15:00)
- Friday 21/02: WG Adequacy (from 09:30 to 12:30)
- Monday 03/03: General info session (from 13:00 to 15:00)
- Tuesday 25/03: Detailed info session (from 13:00 to 17:00)
- Friday 28/03: WG Adequacy (from 13:30 to 16:30)
- Thursday 10/04: Detailed info session (from 13:00 to 17:00)
- Thursday 17/04: WG Adequacy (from 13:30 to 16:30)

Please find further information on the next meetings through the WG Adequacy webpage

Thank you.