

Functioning Rules of the Capacity Remuneration Mechanism

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Contribution of Centrica Business Solutions to the consultation

25th September 2020

CBS welcomes this decisive step toward the finalization of the CRM, and thanks Elia for the quality of the work and overall process undertaken until now. In order to ensure all design principles are properly translated into the functioning rules will require some iterations with stakeholders. This consultation is a first occasion for CBS to provide some constructive feedback.

Executive summary

- CBS underlines the risk related to availability tests triggered outside of AMT moments, especially outside the winter, and asks Elia to consider possible solutions to mitigate the risk of facing capacity obligations when the system is not in need.
- The modalities to efficiently include participation to ancillary services need to be further refined before the go-live of the CRM in 2025, as some fine-tuning details are unclear at this stage.
- The 5-day delay for Elia to respond to a capacity holder in the fallback procedure seems too long.
- The combinability rules are not in line with the ones of mFRR and should be updated to cover cases of several DPs operated at different metering level by the same capacity holder.
- The formula to calculate the effective payback (taking into account the stop loss limitation) seems to be erroneous.
- In light of ongoing discussions, the sub-metering accuracy requirements need to be updated following any change in the overall submetering requirements
- CBS asks Elia to clarify whether availability tests realized for ancillary services contracts will be included in the assessment methodology to trigger availability tests or not in the CRM

CBS underlines the risk related to availability tests triggered outside of AMT moments, especially outside the winter, and asks Elia to consider possible solutions to mitigate the risk of facing capacity obligations when the system is not in need.

While the CRM contract covers a yearly period, the availability obligations are only effective during the AMT moments, when the system actually needs the capacity to be available or running. A capacity holder can, based on its own risk assessment of both the expected availability rate of a capacity and the probability to face an AMT moment, assess its engagement level in the CRM.

However, allowing Elia to trigger random availability tests, and therefore capacity obligations, outside of the AMT moments, limits the possibility to perform such an assessment. Indeed, the random aspect of the test does not allow a capacity holder to properly assess the value of a MW.

Ideally, the tests should only happen during AMT moments, and focus on unproven capacities with very high activation prices. CBS understands that Elia wants to ensure an efficient availability test mechanism is implemented for all capacities, but believes that extra considerations should be given on the actual implementation. For example, if tests cannot be limited to AMT moments only, the 60 days maximum of declared unavailability outside of winter could be extended if needed.

CBS asks Elia to further consider the available options, to avoid that a capacity holder either becomes too conservative and provides less MWs than actually available, or increases its CRM bid to cover the risk of penalties, only because the availability test scheme focuses on a large time period.

The modalities to efficiently include participation to ancillary services need to be further refined before the go-live of the CRM in 2025, as some fine-tuning details are unclear at this stage.

CBS strongly supports the design principle regarding the consideration of balancing services in the CRM at all stages. However, at this point, the details of how the participation to FCR, aFRR, or mFRR, will be computed in the calculation of the available capacity and of the remaining obligation remain unclear, e.g.:

- how will FCR and aFRR baselines, which are power-based, be used to feed into the assessment of the available and delivered capacity? Obviously, the High X of Y energy-based 15min baseline detailed in the CRM functioning rules cannot be applied to these MWs.
- how will the CRM de-rating factors and the FCR and aFRR requirements in terms of energy-content be matched? It is key to ensure that the CRM does not distort the way FCR or aFRR MWs are offered (1 MW offered in FCR with a 25-min energy content, vs. 1 MW offered in aFRR with no energy-constraints). This needs to be assessed on the same de-rating level based on SLA when it comes to the CRM, so that there is no mismatch and a more favourable result is created for either FCR or aFRR for the same MW.
- How will the complex pricing of aFRR or mFRR pools (dynamically changing within a day depending on the activations and the reshuffling of the assets) match with the declared market prices?

CBS therefore asks Elia to leave sufficient leeway for further refinements in the functioning rules to clarify these open points, as well as others that would be identified at a later implementation stage.

The 5-day delay for Elia to respond to a capacity holder in the fallback procedure seems too long.

CBS asks Elia to consider shortening the delays foreseen in case of a CRM IT interface failure that would require to use the fallback procedure, as 5 days seems too long and creates unnecessary risks on the capacity holder.

The combinability rules are not in line with the ones of mFRR and should be updated to cover cases of several DPs operated at different metering level by the same capacity holder.

The combinability rules don't seem to cover the possibility for a capacity holder to operate several delivery points within different metering levels (submeter and headmeter), whereas such a possibility does exist for instance in mFRR (see below extract of the mFRR T&Cs).

CBS therefore asks Elia to clarify this point and update this part of the functioning rules to foresee this possibility. Else, some configurations that are valid and in place for mFRR will be blocked out of the CRM.

Part II - Specific Conditions	
ART. II.5	COMBINABILITY CONDITIONS
II.5.1	A Delivery Point providing mFRR Service cannot be a part of any Strategic Reserve Contract;
II.5.2	A Delivery Point providing mFRR Service can participate to a contract for FCR and/or a contract for aFRR at the condition that the BSP is the same party;
II.5.3	Any other Delivery Point, upstream or downstream of the Delivery Point supplying mFRR Service, cannot be part of any other Balancing Service, including mFRR Service itself, or Strategic Reserve Contract with ELIA, independently from the fact that the BSP is the same party. However, if the BSP of both Delivery Points is the same party, ELIA will tolerate the situation, only for the FCR, at the condition that the BSP renounces to invoke any influence of the Balancing Service supplied downstream on the Balancing Service supplied upstream.

Figure: extract from the mFRR T&Cs

The formula to calculate the effective payback (taking into account the stop loss limitation) seems to be erroneous.

CBS believes that the formula laid down in paragraph 691 might be erroneous, as the effective payback should rather be the minimum between the stop loss and the payback obligation than the difference between the two terms.

In light of ongoing discussions, the sub-metering accuracy requirements need to be updated following any change in the overall submetering requirements.

CBS points out that discussions are ongoing both at TSO and DSO level in order to update the overall submetering requirements and make them less stringent. The new requirements resulting from these discussions will have to be reflected in the functioning rules of the CRM.

CBS asks Elia to clarify whether availability tests realized for ancillary services contracts will be included in the assessment methodology to trigger availability tests or not in the CRM

As pointed out during the consultation process, CBS supports the concept of availability tests, as being an efficient tool to ensure that only effectively available MWS are offered in the CRM by CMU owners. CBS also asked ELIA to take into account availability tests from reserved balancing products (FCR, aFRR, or mFRR) when assessing the need to trigger an CRM availability test. Indeed, the balancing tests will contribute to demonstrating the effective availability or missing MWs of a CMU, and therefore lower the need for such a check on the CRM. In the consultation report, Elia affirmed that “CMU's will be tested based on an internal procedure, not disclosed with the market. On the other hand, availability demonstrated in the Ancillary Services market (including a test) can factor into this procedure”.

CBS could not find this principle explicitly in the proposed Functioning Rules, and asks ELIA to clarify this aspect in the next version of the text.