

Functioning rules Tender for Low Carbon Technologies

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Contribution of Centrica Business Solutions to the consultation

10th February 2023

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-> Centrica asks Elia to further consider or clarify its position regarding the risk of double counting that Centrica raised in its previous response

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Elements provided by Elia regarding both (i) clarification of the definition of “not in service” for batteries as well as (ii) the possibility to foresee a qualitative test for new DR MWs that would fail the quantitative test go in the right direction and will improve the overall LCT scheme.

Centrica asks Elia to further consider or clarify its position regarding the risk of double counting that Centrica raised in its previous response

Looking at the cover note for this new consultation, Centrica could not identify any response nor proposal regarding the risk it raised during the previous consultation (see extract below) regarding the risk of double counting some implicit MWs that are already counting as contributing to adequacy but would still pass the eligibility test for the LCT as not having been sufficiently activated in the past to show a 0 MW flex baseline. Centrica therefore asks Elia either to provide some elements to explain the absence of elements in this risk, or to further consider the possibility to look into the supply contracts of new DR MWs applicants in order to mitigate this risk

Extract of the previous response from Centrica on this point:

“Centrica supports the proposal of Elia and the rationale with it to target only the DR MWs that are not already contributing explicitly or implicitly to adequacy, as the LCT is not a market-wide mechanism but rather intends target a specific capacity gap that would be identified to ensure adequacy.

However, looking at the criteria proposed, Centrica believes there is a risk that implicit DR MWs could pass the eligibility test, being allowed to take part to the LCT, while already being counted in the adequacy exercise: for example, a DR MW that would today implicitly contribute to adequacy via the overall “market response” volumes considered by Elia, but would do so with an activation price high enough to not having been activated sufficiently often in the past to impact its baseline, could very well pass the “No implicit participation in the energy market” filter proposed by Elia, and be allowed to take part to the LCT. If it consumes for example 10 MW, and can lower its output to 0 MW in case of need, as long as its baseline shows 10MW as a result which will be the case if the site did not activate in the past) then it will pass the test.

Centrica believes that in this case there is a risk to double count these MWs, as they would already be counted in the adequacy exercise, and therefore not help to close the adequacy gap if they would explicitly

contribute via the LCT. This of course links to overall design discussions around the CRM that can't be adressed in the specific exercise of the LCT but still.

Centrica therefore points out the need to collectiviely work on finding a way to either (i) make sure the implicit MWs that are already counted in via the market response MWs are not made eligible to the LCT in order not to be double counted, or (ii) that the CRM design is modified in order to not anymore count in these MWs in the implicit part if they become explicit. As option (i) is probably the more realistic one to implement by the LCT timeline, Centrica suggests Elia to assess whether looking at the supply contracts of the DR sites that would apply to the LCT could not provide some elements to guarantee that they are not already providing some implicit participation to adequacy”.