

PRESS RELEASE | 31 October 2021

CRM: results of first auction (Y-4) now available on [elia.be/crm](https://www.elia.be/crm)

BRUSSELS | Elia has published the results of the first capacity remuneration mechanism (CRM) auction for the 2025-2026 delivery year on its website. The results show that market players offered sufficient capacity as part of a competitive auction. Both traditional and new market players participated. 40 offers were selected, representing a total capacity of 4,447.7 MW. Based on this selection, the annual average price is €31,671.57 per MW. In 2024 (Y-1), a second auction will be organised for the 2025-2026 delivery year.

The CRM was established by the federal government to secure the supply of electricity following the legally required nuclear phase-out which is due to be completed by 2025. The financial support available under the mechanism is aimed at supporting market players which will make capacity available to the market and which are not already receiving any other form of subsidy. In consultation with the European authorities, the Belgian government opted for a market-scale CRM for which existing and new capacities are eligible, regardless of the technology used. During the selection procedure, the bid price is the deciding factor.

Key facts and figures

- The 40 selected projects represent a total capacity of 4,447.7 MW.
- 66% of the offered capacity was selected: a total volume of 1,648.72 MW was selected for use over multiple years (under 8-year or 15-year contracts). 2,799 MW for 1 year.
- The selected offers are very diverse in nature: 56% are existing units, 1% are batteries; 7% are demand side management and 36% come from two new (combined-cycle) gas-fired generation units.
- The two new (combined-cycle) selected gas-fired generation units are projects in Vilvoorde (796.25 MW) and Les Awirs (805.35 MW).
- The weighted average price of the selected bids is €31,671.57 per MW per year.

Contacts

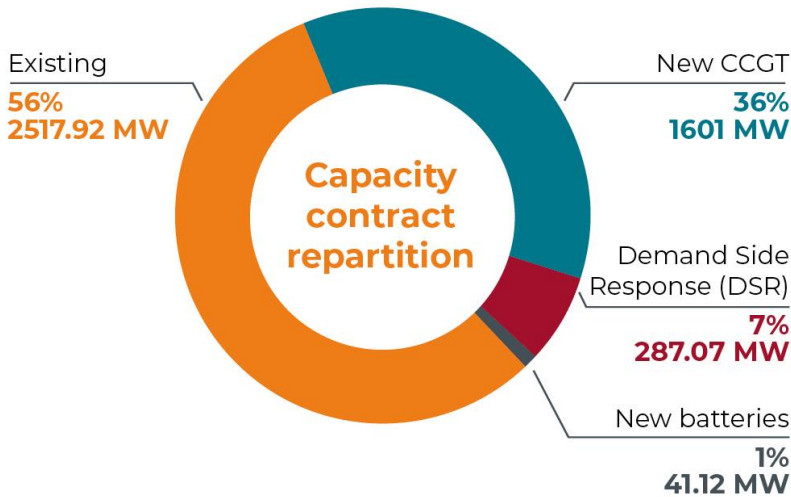
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All aforementioned capacities will be solely dedicated to providing Belgium’s security of supply. To guarantee this, a derating factor was determined for each technology. For example, a thermal power station was attributed a higher degree of security of supply than other options, such as batteries. As a result, some technologies – such as batteries – actually have more installed capacity than that for which they were selected under the CRM.

The first capacities selected under the CRM auction (Y-4) will be delivered in 2025-2026. About three quarters of the applications selected (amounting to 2,799 MW) requested a 1-year contract period. Offers (amounting to 1,648.72 MW) were also awarded for periods of 8 and 15 years (involving new gas-fired power stations and battery projects).

The total cost of the CRM cannot be determined at this point. A second auction will be organised in 2024 (Y-1) for delivery in 2025-2026. This option was specifically provided for in order to calibrate the contracted volume as accurately as possible and to ensure the involvement of as wide a range of technologies as possible.

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A brief overview of the CRM

The purpose of the CRM is to ensure that sufficient amounts of capacity are available to guarantee Belgium's security of supply as the country completes its nuclear phase-out. It is intended for market players which will make capacity available to the market and which are not already receiving any other form of subsidy.

The CRM compensates such market players for making capacity available, not for actually generating capacity. The market itself will then determine which players will actually generate the energy via supply and demand.

Financial support is needed in order to provide what is known as 'missing money' in the business model. This is the difference between the actual cost of generation (including the necessary investments that need to be made for it) and what the market can offer. Without this financial support, there is no guarantee that the capacity will be available when needed, meaning that security of supply might be compromised.

The volume of the CRM auction is determined by a demand curve. The CRM is based on Belgium's security of supply and calculated on the basis of annual peak consumption. For the purposes of calculating the CRM volume, peak consumption in Belgium was calculated at 13.5 GW using the methodology set by law.

In selecting the first volume, units which indicated (during the auction and according to the relevant conditions) that they will be present on the market in 2025 even if they did not take part in this year's auction were taken into account. In other words, the selected volume was calibrated so as to avoid oversizing during this year's auction. Accordingly, a total of 4,447.7 MW was contracted.

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Elia's role

Elia organised the first CRM auction at the request of the Minister of Energy, in accordance with the law on the organisation of the electricity market and with the approval of the European Commission. A pre-qualification phase began in May 2021 for each generation unit of at least 1 MW in Belgium which was not benefiting from any other subsidy mechanism, as well as for other technologies such as demand management. The prequalified capacities were allowed to submit their bids between 16 and 30 September 2021.

The first CRM auction, but not the last

In order to also guarantee Belgium's security of supply after the first CRM delivery year (2025-2026), auctions are also planned for subsequent delivery years. Accordingly, Elia is already taking the steps needed to organise the 2022 auction for the 2026-2027 delivery year (this auction will end in October 2022). It should be noted that, via this year's auction for the 2025 delivery year, a volume of 1,648.72 MW was selected for use over multiple years, so this will be taken into account in the volumes to be contracted for subsequent auctions. Under the relevant European directive, CRM auctions can involve capacities to be used over a maximum period of 10 years.

Auction report

The results are now known. The publicly available information can be found in the *auction report* available on the Elia website (www.elia.be/crm). The full procedure adopted for the CRM was submitted to the CREG (the federal regulator) for validation. The CREG was assisted in this task by an external auditor, ensuring that the procedure fully complied with the regulations about setting up the mechanism and selecting the units. This first auction for the 2025-2026 delivery year was organised and executed in compliance with the Electricity Act.

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About Elia Group

One of Europe's top five players

Elia Group is active in electricity transmission, ensuring that generation and consumption are balanced at all times. We supply 30 million end users with electricity and manage 19,271 km of high-voltage power lines via our subsidiaries in Belgium (Elia) and north-east Germany (50Hertz). As such, our Group is one of Europe's top five system operators. With a reliability level of 99.999%, we give society a robust power grid, which is important for socio-economic prosperity. We also aspire to be a catalyst for a successful energy transition towards a reliable, sustainable and affordable energy system.

We make the energy transition happen

By expanding international high-voltage connections and integrating ever-increasing amounts of renewable energy, Elia Group promotes both the integration of the European energy market and the decarbonisation of our society. The Elia Group is also innovating its operational systems and developing market products so that new technologies and market parties can access our grid. In this way, Elia Group is making the energy transition happen.

In the interest of society

As a key player in the energy system, Elia Group is committed to working in the interest of society. We are constantly adapting our transmission grid to the rapidly changing energy mix, incorporating ever more renewable energy. We also ensure that investments are made on time and within budget and guarantee maximum safety. When we carry out our projects, we manage stakeholders proactively by establishing two-way communication with all affected parties from the outset. We also offer our expertise to our sector and relevant authorities to help build the energy system of the future.

International focus

In addition to its activities as a transmission system operator, Elia Group provides various consulting services to international customers through its subsidiary Elia Grid International (EGI). Elia is also a member of the Nemo Link consortium, which operates the first subsea electricity interconnector between Belgium and Great Britain. The Elia Group operates under the legal entity Elia Group, a listed company whose core shareholder is the municipal holding company Publi-T.

For more information: [elia.be](https://www.elia.be) & [eliagroup.eu](https://www.eliagroup.eu)

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