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Formal public consultation of the stakeholders on the Functioning Rules of the Belgian Capacity Remuneration Mechanism (“CRM”) in accordance with Art. 7 undecies §12 of the Electricity Act.

Dear sir, Dear Madame,

Please find herewith the response from Tessenderlo Group NV (TG), Tessenderlo Development Services NV (TDS) and T-Power NV (TP) on the formal consultation on the Functioning Rules of the the Belgian CRM.

Our feedback is split between a part that we would like to be treated on a confidential basis and a part that is non-confidential.

Confidential part

(...)

Non-confidential part

1. We would like to take the opportunity of the consultation to alert CREG on an important topic for those projects that had qualified for multiple year CRM contracts and have not been selected in the previous Y-4 auction. We would like CREG to consider for their proposal of amended documentation related to the investment file, that the mandatory external audit of the (updated) investment file could be executed by the same external party that executed the previous external audit.
2. As already pointed out during the Working Group Adequacy, we would like to ask Elia to clearly mention where the proposed functioning rules would also be applicable for the already contracted capacities in the 2021 Y-4 auction. Therefore, we would like to refer to point 9. Of the functioning rules “The amended functioning rules shall govern the impact, if any, of said amendments on the existing contracts”.

3. In the Introduction, in point 3., we believe reference will also have to be made to the relevant Royal Decrees that will have to be concluded in the course of 2022.

4. §4.3.5

Could it be that there is an error in the cell mentioning D+5 working days... Would think this should be D+4 based on the text next to it, because the notification is done at D-1.

4.3.5 Availability Monitoring

Actions	Due date	Details
Notification of Announced Unavailable Capacity	D - 1 calendar day	A Capacity Provider notifies his unavailability at the latest at 11 : 00 on the calendar day preceding the delivery/Availability Test, if it is to be counted as Announced Unavailable Capacity.
Notification of Unavailable Capacity	D+10 working days	ELIA rejects notifications of Unavailable Capacity submitted later than 10 Working Days after the start date of the unavailability by the Capacity Provider.
Approval or rejection of the notification of Unavailable Capacity	D + 5 working days	Where 'D' represents the moment of reception of the Capacity Provider's notification of Unavailable Capacity, Elia has up to 5 WD to approve or reject it and notify the Capacity Provider.
Availability Test	D - 1 calendar	An Availability Test is announced by ELIA at the latest at 15 : 00 on the calendar day preceding

5. § 5.2.3.2

We would like to learn why the table in point 91, and more specific in the screenshot below, why it is mentioned "if the CMU selects a SLA, his CMU is considered as an energy constrained CMU". We would think that also non-energy constrained can request for instance a 24-hour SLA.

also non-energy constrained could request SLA 24 hours

	?	<p>The chosen Derating Factor allows ELIA to determine the Eligible Volumes and to define whether or not the CMU is an Energy-constrained CMU:</p> <ul style="list-style-type: none"> - If the CMU selects a SLA, his CMU is considered as an Energy-constrained CMU; - If the technology of a CMU is declared as falling under Category III with Daily Schedule of the derating categories, the CMU is categorized as an Energy Constrained CMU with an number of hours in line with its SLA, or in absence thereof categorized as an Energy Constrained CMU with 4 hours in its SLA; - If all other cases, the CMU is categorized as a Non-Energy Constrained CMU.
		The project execution plan is the document that establishes the method(s)

6. Point 131, determination of Nominal Reference Power for Injection

Is our interpretation correct that, in case of injection the term "lowest quarter-hourly measurement" means the maximum generation of the unit (since generation is given a negative sign)?

Why does Elia add to the definition the concept of "the minimum between the highest quarter-hourly measurement and zero".

In the example where over a 36 hour period, the unit is running between minimum stable generation (say 200 MW) and max. load (say 400 MW), the above definition would result in a value of 200 (= absolute value of [-400 - (-200)]), because -200 is lower than zero.

We would think the outcome should be 400 (= absolute value of (-400 - 0))

7. §5.4.2.2.1 Y-4 auction opt-out "out"

We would like to request to also add the last bullet of §5.4.2.2.2 point 174 to point 170 in §5.4.2.2.1., it should also be possible to motivate a partial opt-out in the Y-4 auction that is then considered as an opt-out "out".

Y-4

connection with flexible access, referred to in Article 170 of the Federal Grid Code; or

- the volume is indicated as not contributing to adequacy during the Delivery Period to which the Opt-out Notification relates, provided that a motivational letter to support this indication is provided by the CRM Actor as part of its Opt-out Notification.

8. §5.4.5 Remaining Eligible Volumes

As has been discussed in the latest Working Group Adequacy, we would like to learn how the changes of the derating factors for some/most of the technology classes will affect the Remaining Eligible Volumes, during the different Delivery Periods.

Eg.

If a CMU has been contracted with a derating factor of 80% based on a Y-4 auction and if for the same Delivery Period the derating factor would change to 90%, will that CMU be able to offer the difference of 10% of the capacity into the Y-1 auction?

9. Status Existing 405.

Can Elia explain which derating factors are applicable when determining the Secondary Market Eligible volume at the moment a CMU receives the status Existing?

10. 547

Could it be that there is an error in the text highlighted below? Also for unannounced missing capacity, the values of X depend on the season.

547. ELIA applies the penalty factor depending on the type of Missing Capacity and the time it occurs (time *t*). For Unannounced Missing Capacity, the penalty factor is equal to 1. For Announced Missing Capacity the penalty factor is set according to the season where the Missing Capacity was detected. The following table summarizes the value of the penalty factor X:

	Unannounced Missing Capacity 01/04/20xx – 31/10/20xx	Unannounced Missing Capacity 01/11/20xx-1 – 31/03/20xx	Announced Missing Capacity 01/04/20xx – 31/10/20xx	Announced Missing Capacity 01/11/20xx-1 – 31/03/20xx
Penalty factor (X)	0,5	1,4	0	0,9

Table 8 - Value of the Penalty factor (X)

11. 581 Typo

581. In order for potential Parties on the Secondary Market and their CMUs to be able to participate in the Secondary Market, they must satisfy the conditions stipulated in this section.

12. 613 Typo

613. The Transaction Period for an ex-post Secondary Market transaction, as determined according to section 10.5.3, is an hour or a set of consecutive hours considered as AMT Hour(s) within a same calendar day. Any Transaction Period of an ex-post Secondary Market transaction including at least one hour not considered as an AMT Hour is rejected according to § 658.

13. 657

Why is there a limit on the number of secondary market transactions involving a CMU?
Why is there a need to limit this to a Calendar Year while almost all rules are based on Delivery Periods?

9
P 656. Simultaneous notifications being sent to ELIA are processed according to their acknowledgement of receipt time stamp (equal to the Transaction Date) for the process. ELIA processes one Secondary Market transaction after the other, in a "first-in first-out" approach. UM 50

657. Up to fifty notifications of Secondary Market transactions involving a CMU are authorized within a same calendar day of submission. Once this limit reached, new Secondary Market transactions are automatically rejected according to § 658.

why calendar year, why 50?

14. 675 Typo

The Capacity Remuneration, Pre-delivery control, Availability Obligations, Availability Penalties, Financial Security, and the Payback Obligation are adapted in accordance with **n** the updated Contracted Capacity of the Transaction of the Seller of an Obligation.

15. 12.3.1.2.2. Calibrated Strike Price Indexation

As already commented by various market parties, we see a need to adjust the strike price indexation. We would like to refer to the FEBEG proposals but would like to add that we would also see a solution to at least cover the variable cost of the units. We see that in other CRM frameworks such as in Italy, the strike price also evolves with the clean spark spread and hence considers the rise of the gas prices and the CO2 prices.

On the current indexation in the proposed functioning rules, we would like to learn why the indexation would only be performed as of the 2nd Delivery Period. Since the strike price is determined more than 4 years before the Y-4 auction, we see the need to already index it as of the first Delivery Period and then it would also apply to the annual CRM contracts.

16. 765 Typo ?

We can only understand the below paragraph if we would replace SLA by AMT where indicated.

- for a CMU with Daily Schedule, t is a measure of time which represents an SLA Hour, as defined in § 481, or an hour belonging to the set of hours having the highest Measured Power that are Non-SLA Hours forming with the SLA Hours a continuous period in time within a day. A Non SLA Hour(s) is (are) only considered on top of the SLA Hours of the CMU for the concerned day if the number of SLA Hours observed during the concerned day remains lower than the N hours of the CMU's SLA; and ANT?
- for a CMU without Daily Schedule, t is a measure of time which represents an SLA Hour, as defined in § 483, or an hour belonging to the set of hours having the highest Active Volume that are Non-SLA Hours forming with the SLA Hours a continuous period in time within a day. A Non SLA Hour(s) is (are) only considered on top of the SLA Hours of the CMU for the concerned day if the number of SLA Hours observed during the concerned day remains lower than the N hours of the CMU's SLA ; ANT ?
- *Total Contracted Capacity*_{ex-ante}(CMU_{id}, t) is the Total Contracted Capacity of the CMU ex-ante Transactions and the total Capacity of the Associated Delivery Points; and

17. §17.1 Typo

The Royal Decree on the ~~on the~~ eligibility conditions for indirect foreign capacity defines the principles, conditions and modalities applicable to the Eligible Direct Foreign Capacity Holder and Eligible Indirect Foreign Capacity Holder for their participation in the Belgian CRM Prequalification Process and refers for several aspects to the CRM Functioning Rules for the exact details on the modalities.

18. Regarding the changes in the opt-out “in” vs opt-out “out”

Based on the discussions in the Adequacy Working Group of 16 November 2021 (slide 41). We had the impression that (most of) the 275,94 MW of DSM that has been categorized as opt-out “in” would in fact better have been better categorized as opt-out “out”, whereby these would not contribute to the security of supply. The reason being that DSM has opted for a 24 hour SLA whereby these capacity actors have “derated” their capacities by declaring an opt-out for part of the capacity in order to be able to provide the 24 hour SLA.

We believe that the functioning rules under consultation, have the objective to correct this anomaly.

Therefore we would like to learn from the CRM taskforce whether it is the objective to take this into account for the T-1 auction for the Delivery Period 2025-2026, to be held in 2024 and hence consider the 275,94 currently foreseen as opt-out “in” as opt-out “out” in the outcome of this T-1 auction.

Elia Group

Opt-out IN (3805,9 MW) repartition per technology

