

## Design Note for Tender for Low Carbon Technologies

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### Contribution of Centrica Business Solutions to the consultation

4<sup>th</sup> November 2022

**-> Centrica asks Elia to further clarify the definition of new capacities when it comes to battery projects to give better visibility to project developers and allow them to participate when possibly being eligible**

**-> Centrica points out the risk of double counting DR MWs that needs to be discussed and solved**

**-> Centrica asks Elia to consider implementing a qualitative assessment of files for new DR capacity that fail the proposed eligibility test**

**Centrica asks Elia to further clarify the definition of new capacities when it comes to battery projects to give better visibility to project developers and allow them to participate when possibly being eligible**

The design note indicates that ““New Build” capacities are defined as not “in service” at the moment of the Auction”: as discussed in the WG adequacy, a couple of battery projects that are being developed will find themselves within the transition of new to existing capacity around the timing of the LCT auction. Depending on (i) the exact criteria to define the “in service” requirement, as well as the (ii) the exact limit of the “at the moment of the auction” criteria, some projects could decide to shift their planning to be eligible to the auction or not. For the (i), Centrica asks Elia to clarify further what this term means for a battery (connected to the grid, energized, selling MWs,...) in order to avoid any doubt. For the (ii), Centrica asks Elia to clarify is this means the gate closure of the auction, the auction results, or any other date related to the auction.

**Centrica points out the risk of double counting DR MWs that needs to be discussed and solved**

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 addressed in the specific exercise of the LCT but still.

Centrica therefore points out the need to collectively 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.

**Centrica asks Elia to consider implementing a qualitative assessment of files for new DR capacity that fail the proposed eligibility test**

Centrica considers it is important to add an additional qualitative filter to the eligibility test for DR MWs in order to make sure that eligible MWs would not be lost in translation because of failing the proposed criteria involving the baseline check. Considering the limited size of the LCT, there should be sufficiently manageable number of cases to allow for a qualitative case by case assessment of the files. Also, Centrica believes that such an assessment could be made by an external third party, and should be based on elements provided by the applicant with no specific and too rigid ex-ante template proposed by Elia or the CREG: indeed, the possible cases would probably be too specific to fit into a standard document, and the information/knowledge would lie in the hands of the applicant, thereby making acceptable to put the burden of the proof on him to demonstrate its capacity should be considered as eligible.