

## Formal public consultation on the CRM Functioning Rules

4<sup>th</sup> January 2023

- **Centrica agrees with Elia that a future exemption from payback obligation could be further investigated to foster DSR participation in the CRM**
- **Centrica firmly opposes any retroactive intervention in existing contractual arrangements, which risk to distort competition and create legal uncertainty**
- **Centrica suggests that, in case of unlimited SLA applications for technologies like DSR, an administrative file with qualitative and quantitative evidence should be provided**

### **Centrica agrees with Elia that a future exemption from payback obligation could be further investigated to foster DSR participation in the CRM**

Centrica agrees that considering a removal of the payback obligation for DSR should be thoroughly discussed within the WG Adequacy to fully assess the pros and cons.

From a policy perspective, such an evolution could indeed be seen as a way to foster the participation of DSR in the CRM. From a market design perspective however, it should be discussed to which extent payback continues to make sense for such units. Centrica would welcome a thorough impact assessment, since the case presented by Elia during previous working groups still lacks quantifiable elements such as avoided network costs in case of activation, potential revenues from DA/ID ToE in case of activation, or the value of a spot exposed supply vs. a flat-rate contract.

Centrica remains open to contribute to such discussions, with the objective to reach a collective decision for the next iteration of the CRM Functioning Rules.

### **Centrica firmly opposes any retroactive intervention in existing contractual arrangements, which risk to distort competition and create legal uncertainty**

Centrica firmly opposes any change that could retroactively impact already awarded capacity contracts.

Elia is responsible to organise a regulatory framework allowing all CRM parties to effectively compete and have legal certainty for long-term contractual arrangements. Such arrangements not only secure capacity payments, but also provide the provisions under which the contracted flexibility can be valorised in various markets, such as Elia's balancing reserves.

Elia suggests to retroactively intervene in applicable CRM Functioning Rules, which are subject of a Royal Decree published in the Belgian Official Gazette. Centrica firmly opposes such retroactive interventions and strongly believes this would negatively impact the competitive landscape, introduce a precedent of meaningful rule change during the lifetime of a contract.

**Centrica suggests that, in case of unlimited SLA applications for technologies like DSR, an administrative file with qualitative and quantitative evidence should be provided**

Centrica supports the idea that triggering an availability test on an unlimited SLA CMU does raise both challenges and costs. However, suggesting that a successful test during a single quarter hour would be sufficient to validate the unlimited SLA feature of a CMU does not seem reasonable.

Centrica therefore proposes to at least complete Elia's proposal with an administrative file, in order to reinforce the ex-ante validation and avoid gaming behaviour. The administrative file would need to be provided for CMUs applying for an unlimited SLA, in particular for technologies having difficulties demonstrating such features, e.g. DSR. Such a file should provide a qualitative description of the rationale for requesting an unlimited SLA, and demonstrate that there are no obvious time limitations for a potential activation. Quantitative elements could typically be, among others: absence of physical limitation in case of activation of a buffer, possibility to shut down the process during an entire day, absence of boundary conditions, etc.