

Feedback to the public consultation on Capacity Remuneration Mechanism market functioning rules

Thermovault welcomes the opportunity given by ELIA to react to the updated version of CRM Market Functioning Rules. Moreover, Thermovault is pleased to observe the willingness to open the CRM to low voltage capacities. Indeed, as illustrated by ELIA in the last AdeqFlex study, Thermovault also firmly believes that part of the security of supply solutions must and will come from residential sources.

However, Thermovault fears that ELIA's current design proposal is incomplete and won't - in its current configuration - lead to an effective participation of residential assets, even to the Y-4 auction for delivery period 28-29. Indeed, Thermovault identifies hereunder **significant limitations that** - if not properly addressed by ELIA in its final version prior submission to CREG - **will block this capacity potential from participating into any auction.**

1) The restriction to prequalify only as an additional CMU

From the rule described in paragraph 82, Thermovault understands that the possibility to participate in CRM Auction with low voltage delivery points is only allowed if these delivery points prequalify as an Additional CMU.

Thermovault wonders why the access to unproven CMU (in Y-4 auction) is forbidden for these specific delivery points while it remains an option to future capacities connected to the DSO / TSO grid. This goes against the definition of virtual CMU, which was designed to incentivize a FSP to find new capacities (not known yet at the moment of the auction, typically the case with most of the low voltage capacities), and unfairly penalizes FSPs looking to unlock low voltage capacities.

Furthermore, assuming the VCMU is open to low voltage assets as well, ELIA should then ensure a fair competition for the corresponding volume when it comes to valorization of capacities in consecutive auctions. Indeed, today an existing CMU gets the chance to be contracted in a Y-4 auction (one year contract) and have the possibility to participate in the following Y-4 auction to win another one year contract (for the following delivery period) with the same volume. Such a possibility is not granted for VCMUs today.

2) The limitation to create a CMU with delivery points associated to the same DSO only

Again, a specific and non justified restriction to low voltage capacities is set up by ELIA here and limits the possibilities offered to the FSP to aggregate enough capacity to reach the proposed thresholds. ELIA must understand that the number of low voltage delivery points that are needed to offer an eligible volume in the auction is significant due to the derating factor and to the margin that needs to be taken to ensure the product's availability in the delivery period.

Restricting the composition of this pool of delivery points per DSO will have a direct impact on the total eligible volume that will be able to participate in an Auction, yet seems to have no technical justification.

Furthermore, **such constraint is inconsistent with the rules of Annex C4** (Correction for participation in frequency related ancillary services) where the only way to have such participation considered by ELIA is conditioned to a perfect match between the list of delivery points prequalified in the CMU versus the list of delivery Points prequalified in the balancing service.

Such a match will remain theoretical (and therefore triggers the question of fair competition and correct verification of the service availability) unless the freedom is given to the FSP to build a CMU with delivery point independent of the corresponding DSO behind.

3) The participation of low voltage delivery point is limited to the access point level

Thermovault understood from previous design discussions that the participation of low voltage assets to CRM would be limited to the access point level (the possibility to go to a delivery point level with a submeter would not be granted at first). Could ELIA confirm that this is no longer a limitation, and that participation from submetered DP is now allowed? it remains unclear from the reading of the functioning rules. It is obvious that if such restriction is enforced there is no residential flex participation anymore: the pollution effect of other non-controllable loads at the residential level will make the verification of the service from the measurements at the access point impossible.

4) The participation of low voltage delivery points is conditioned on the SMR3 regime.

Thermovault understands that one of the preconditions to prequalify a low voltage delivery point is that the access point it is associated with has a digital meter with an active SMR 3 regime. Could ELIA and the DSOs justify why such a regime is needed in the context of CRM? Thermovault always understood that the debate around SMR3 regime was related to the need to correct the BRP behind, and often heard willingness from DSOs and ELIA to relax metering requirements in situations where such correction is not required. According to Thermovault, this is once more an entry barrier to the CRM (seen the low percentage of SMR3 regime today in the market (1,73 % of all smart meters in Flanders, close to 0 in Wallonia & Brussels) that is not justifiable (there is no correction of BRPs in the CRM).

Obviously, 15 minute measurements may be used for settlement purposes and availability monitoring but such measurements should come from **the private submeters** installed at delivery point level, respecting standards set by system operators. Moreover, metering requirements should follow the approach introduced by ELIA on aFRR, with reasonable accuracy requirements imposed at each Delivery Point and stricter accuracy requirements at pool level.

5) The baselining methodology

Thermovault understands that the only way to demonstrate the service availability is based on the baseline methodology “high x of y”. Considering historical measurements as a reliable proxy of what would have been consumed at the moment of control makes no sense when looking at low voltage consumers.

As an alternative, Thermovault suggests to use other baseline methodologies that have been proven effective in the balancing services: last QH or a baseline nomination.

6) The lack of consideration for aggregated requirements

To build a low voltage delivery point group, an FSP needs to include a significant number of delivery points. Some of these delivery points will be added as back up, to give the FSP enough margin to cope with events such as data access failure, move of the end user, ...). In ELIA’s current proposal, there is no way for a FSP to indicate before an AMT moment which delivery points out of the group are effectively available and will be part of the service delivery on that AMT moment, and which should not be considered. If all prequalified delivery points are included by default in the availability monitoring, the control’s results will be polluted by the effect of the delivery points not participating in the service on that AMT moment while the service was effectively delivered from the “active” delivery points.

Another example refers to the data exchange requirements that are still determined at delivery point level. In this way, an FSP now gets the obligation to exchange in real time individual 15 min measurements. This obviously has a direct impact on the quantity of data that will be exchanged (and the associated costs) while seems to bring limited added value for the availability monitoring. Thermovault therefore suggests to follow the data exchange approach set up in FCR where the aggregated (pool based) measurements are exchanged with ELIA in real time and the individual data are sent ex post by the FSP. Obviously, with ELIA getting the right to request additional data for audit purposes if needs be.

7) The payback obligation

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Thermovault is not the supplier nor the BRP of the end user that may participate in CRM through low voltage DP groups. However, the current payback obligation mechanism imposes that Thermovault pays back the difference between strike price and reference price even though Thermovault did not benefit from these high prices in the first place. This brings an additional risk that makes effective participation of independent FSP to CRM impossible (such risk cannot even be included in the pricing strategy because of intermediate price caps).