

# Availability Obligations & Penalties

Overview Public Consultation

22/10/2019 | Elmo Van Thielen



## In what follows a summary is given of the feedback received in the public consultation about the design note on the Availability Obligations & Penalties

- Comments were received from:
  - CREG, Febeliec, Febeg, Centrica, Actility, Fluvius and NextKraftwerke.
- Purpose of this presentation:
  - Present an **overview of the comments/feedback** received during the public consultation process as interpreted by Elia.
  - Provide a **first clarification about some of the design aspects** that – based on our interpretation of the feedback received – may have not have been well understood by the stakeholders or not sufficiently well explained in the design note. This means that **no new aspects** are introduced.
- Elia's positioning towards the different comments is **out of scope** of the current presentation. This feedback will only be provided at a later stage.

## Different comments from stakeholders can be categorized in the following topics

- 1) Principles on collection of data
- 2) DAM Price as AMT
- 3) AMT Price and T+ calibration
- 4) Integration of TSO/DSO services and constraints
- 5) Availability Tests
- 6) Availability Penalties
- 7) Clarification of DMP and Reference Power vs. Eligible Volume

## Several stakeholders support the principle to monitor using already available data

Elia Proposal: Use data collected through other market mechanisms as much as possible and limit the amount of additional data requirements imposed by the capacity remuneration mechanism.

**DISCLAIMER:** this principle will be applied as far as other constraints, such as legal considerations, accountability for the data and operational feasibility, permit its application. The used data sources presented in this note should be treated as indicative. The CRM design could still ask for specific data if any of the presented sources are no longer deemed plausible.

- **Fluvius** agrees on the principle, but calls to develop the architecture together with the DSOs.
- **Febeliec** supports this principle and pleads for intelligent design that allows reuse of already available data, insofar the requested availability service can still be guaranteed.
- **FEBEG** supports this principle and pleads for simplicity and no double reporting.

## Several stakeholders indicated further reflections on the DAM Price for the AMT and/or spoke out in favour of this proposal

Elia Proposal: An Availability Monitoring Trigger occurs when the Day-Ahead Market Price exceeds the AMT Price.

- **CREG** pleads for further evidence supporting the DAM Price as an appropriate trigger and proposes to add a “technical trigger” which can be activated by the TSO.
- **Febeliec** can agree with the DAM Price as trigger and supports no AMT in case of IT problems on the NEMO platforms. Additionally, they plead for a “smart system” (i.e. avoiding unnecessary costs of testing while still guaranteeing the service) for AMT Hours monitored.
- **Actility** supports the DAM Price for the AMT
- **FEBEG** stated that scarcity could cause algorithmic issues and pleads that Elia communicates in this case if an AMT is triggered.

## Several stakeholders commented on the calibration method for the AMT Price and T+

Elia Proposal: The AMT price will be ex-ante determined in the year preceding the Delivery Period, based on “Expected”, “Mild year” and “Worst case” cases...

The cap on AMT Hours is determined as the duration predicted for the AMT price in the predicted price-duration curve for the “Worst case” scenario. This value is denoted as “T+”...

- **Fluvius** asked for clarification on the use of T+ and indicated the risk of not being able to monitor the end of the delivery period because of this cap.
- **CREG** pleads for clarity in the inferred scenarios and probability intervals (P10, P50, P90) for calibration and proposes to introduce a quality monitoring on this methodology. Additionally, further control measures should be possible in case the cap T+ is reached.
- **Febeliec** pointed out risks of over-/undershooting in this calibration and opposes the value of 100 hours for T. Febeliec pleads for a winter product instead.
- **FEBEG** states that the AMT Price and T+ should be known before the Y-4 auction
- **CBS** supports the method of calibration and proposals for T- and T values, but proposes a fixed value for T+ between 150-200 hours.
- **Clarification:** The proposed value for T- is indeed 20 hours (erratum in design proposal)

## Several stakeholders asked for clarification on the integration of other services and DSO/TSO imposed constraints

- **Fluvius** asked how unavailability upon instruction of the TSO or DSO (e.g. congestion mgmt.) would factor in. Additionally, they propose to generalize the wording so that it also allows for future DSO-contracted services.
- **FEBEG** asked how CMU's located in TSO-declared "red zones" will be assessed on Available Capacity and asks to further clarify the link with Ancillary Services. Additionally, the reserved band should be considered for Ancillary Services and not only the activated volume.
- **Actility** proposes to integrate successful mFRR tests in the Availability Testing logic
- **CBS** asks to confirm if successful balancing tests factor into the Availability Test logic
- **Clarification:** Many stakeholders correctly indicated an erratum in Table 5 in the design note. DP 3 should retain a margin of 4 MW (not 2 MW) in case of no AS activation and DAM Price < DMP.

## Several stakeholders commented on the Availability Testing proposal

Elia Proposal: Elia reserves the right to test any contracted CMU up to three (3) times successfully during the winter period (1 November – 31 March) and one (1) time successfully outside of the winter period during the Delivery Period. Included therein, Elia reserves the right to test the duration of the registered SLA one (1) time successfully during the Delivery Period.

- **Actility** stated the maximum number of tests is too high and proposes a maximum of 1 test per delivery period. They also propose the remuneration of a successful test.
- **FEBEG** asks if there is a minimum time necessary between tests upon request of the capacity provider, when attempting to reinstate the originally remunerated amount. In general, rules for Availability Testing could be further clarified.
- **CBS** asks if “smart testing” will be applied for CRM Availability Tests and pleads to announce availability tests sufficiently before Day-Ahead gate closure time.



# Several stakeholders commented on the proportional penalty in the Availability Penalties

## Elia Proposal:

$$Penalty [€] = \frac{(1 + X) * (P_{obligated} - P_{available})}{UP} * yearly contract value$$

	Announced unavailability 01/04/20xx – 31/10/20xx	Unannounced unavailability 01/11/20xx-1 – 31/10/20xx	Announced unavailability 01/11/20xx-1 – 31/03/20xx
X	0	1	1

- **CREG** proposes to raise the penalty factor for unannounced availability during the winter period to incentivize announcing availability. They also propose to raise the penalty cap above contract value. Additionally, CREG questions why an increase in UP reduces the penalty value.
- **Febeliec** questions the penalty cap and pleads for more clear formulation of the penalty rules that remove room for interpretation.
- **FEBEG** pleads for no penalty on planned maintenances, a reduction of the penalty during summer to 0,5 and the introduction of a monthly penalty cap. They ask for a value proposition of UP and propose it would not be less than the number of AMT Hours.
- **CBS** supports the proposed scheme in principle, but questions the need for UP and pleads for differentiation between “announced” and “unannounced unavailability” during winter.

## Stakeholders commented on the escalation procedure for penalties

Elia Proposal: Elia reserves the right for a downward revision of the monthly capacity remuneration of a CMU proportional to observed Missing Capacity in case of Missing Capacity (i.e. not covered by the Secondary Market) exceeding each time 20% of the Obligated Capacity at three (3) separate AMT Moments (i.e. three (3) non-consecutive AMT Hours) or three (3) failed Availability Tests...

Elia reserves the right to instate downward revision of the monthly capacity remuneration of a CMU proportional to observed Missing Capacity and terminate the contract by the start of the Delivery Period covered by the first upcoming Y-1 Capacity Auction, if during two subsequent Delivery Period the Capacity Holder as incurred for the CMU a penalty under the form of a downwards revision of monthly remuneration without reinstating the initially remunerated volume.

- **Actility** proposes to use average missing capacity for the downwards revision.
- **FEBEG** pleads for a transparent procedure for the escalation procedure, involving CREG and/or FPS and the possibility to appeal.

## Further comments for clarification were received

- **The “DMP-Method” for Available Capacity assessment**

*Febeliec, FEBEG*

- **Clarification of the use of Reference Power and Eligible Capacity**

*Febeliec, FEBEG*

- **Clarifications/Examples of the proportional penalty formula**

*Actility, FEBEG*

**=> Numerical cases will be presented today to clarify the practice of these concepts**