



Subject: Task Force CRM: Overview of current proposals regarding  
"Reference & Strike Price" and "Pay-as-Cleared and vs. Pay-as-Bid":  
Position FEBEG

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## Introduction

In the context of the Task Force CRM – established to design the principles of implementation of the Capacity Remuneration Mechanism such as legally approved the 4<sup>th</sup> of April 2019 – Elia presented the 13<sup>th</sup> of June, an overview of the different options which emerged during the Task Force works and discussions, on the two following and specific topics:

- Reference & Strike Price
- Pay-as-Cleared and vs. Pay-as-Bid

On 13.06.2019 stakeholders of the Task Force were asked to officially provide their preferences on the proposed options, in order to enable the "Follow-up Committee" to determine the working hypothesis, on which Elia will have to start working more in depth and more concretely.

### 1. Reference & Strike price

For FEBEG, the options' matrix presented by Elia should be considered as a first – and appreciated – attempt to provide an overview of the collected pro's and con's.

However, and FEBEG is aware of the general time constraint of the process, we believe that this matrix should be in the first place challenged by all stakeholders, in order to obtain an overall supported matrix by the stakeholders, which can serve – in a second step – as a basis for the assessment of the various options. **In this context, FEBEG will communicate to the TF and on short term its concrete comments on the options' matrix.**

However, and at this stage of reflection, FEBEG is of the opinion that, based on the current identified set of options, option 3 – *One single Strike price formula & Fix % payback obligations exemption* – is the only preferred option.

Regarding a second preference, FEBEG is at this moment not able to express a choice beyond its own option.

On the one hand, none of the other alternatives have been made sufficiently concrete and is stable enough to assess the impacts and risks associated with them. FEBEG made considerable efforts to provide quantitative indications supported by objective analysis and evidence, and regrets this has not been done (or not sufficiently) for any of the other



options. Therefore, without quantified levels beyond illustrative purposes or simple, stable and fact-based methodologies to derive them, no informed choice for these options can be made. On the other hand, FEBEG presented some clear and basic principles that are key for a sound design of the payback obligation. As FEBEG has argued extensively in written position papers and during the task forces of 23.05.19 and 13.06.19, it considers the option 3 as the only option to respect these principles.

FEBEG has so far not seen any substantiated argumentation whether (i) the principles are not correct, (ii) the alternatives presented comply with them or (iii) its preferred option violates them. Therefore, FEBEG does not agree to be forced to compromise on these principles.

FEBEG of course remains open to further discuss on the basis of both sound and simple principles and concrete figures based on transparent data, but insists that option 3 (one single Strike price formula & Fix % payback obligations exemption) is the best elaborated and most correct approach to design the payback obligation.

Furthermore, FEBEG wants to point out that the features and economic parameters of the capacity remuneration mechanism are interlinked and should therefore be consistent and balanced in order to improve the investment climate and to secure the Belgian electricity supply. As FEBEG has no view on the overall and complete set of features and parameters yet, it is difficult and nearly impossible to make a preliminary and final choice on a specific design element.

## **2. Pay-as-Cleared and vs. Pay-as-Bid**

As expressed during the Task Forces meetings, and as defended in its position paper of 23.11.2018 and published on the TF website, **FEBEG supports the pay-as-clear principle.**

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