

Auction use case 1

Revision 1

Offtake: Industrial process on a site – Oven & Melting

DISCLAIMER

This document provides different fictive examples, so-called use cases, related to the Capacity Remuneration Mechanism being developed in Belgium. It has, as sole purpose, to explain the Functioning Rules and its annexes by means of examples.

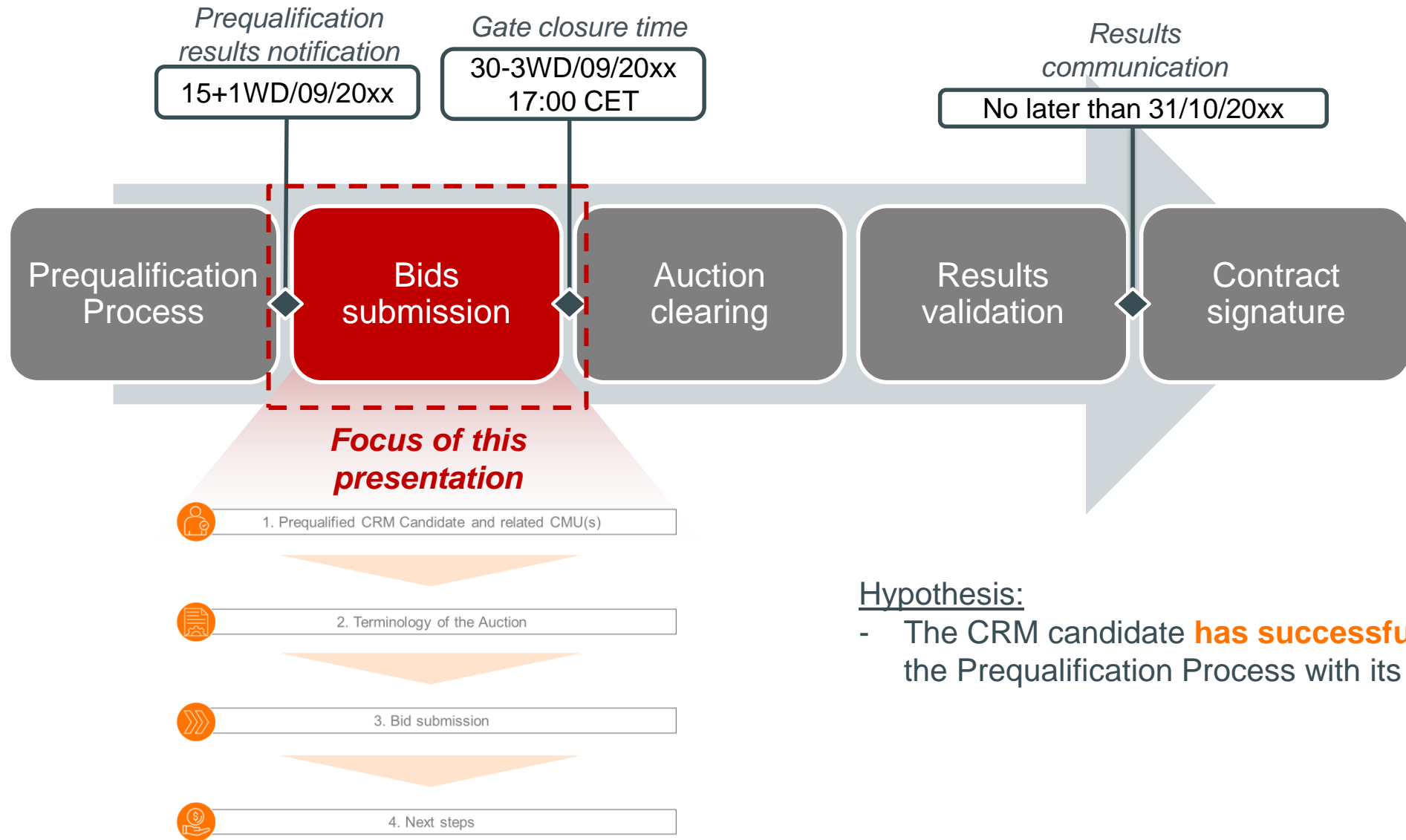
Given that the CRM process consists of several steps, and for each of these steps, several layers of information and details are relevant, it is to be understood that this document focuses on most pertinent auction aspects.

By no means, the use cases replace the rules in the relevant Laws, Royal Decrees, and regulatory approved documents.

The choices in the examples are only made for illustrative purposes and do not imply any judgement. All the figures and numbers used for these use cases are purely fictive. These numbers nor the use cases presented should be interpreted as representing a concrete case or a concrete situation of the Belgian capacity market or an implied proposal for any CRM parameter.

The use cases developed in this document are based on the chapter *Auction Processes* of the Functioning Rules as known at the moment of writing and shared with market parties on 28/08/2020. It also obviously follows the context set by the Electricity Law.

Auction process flow

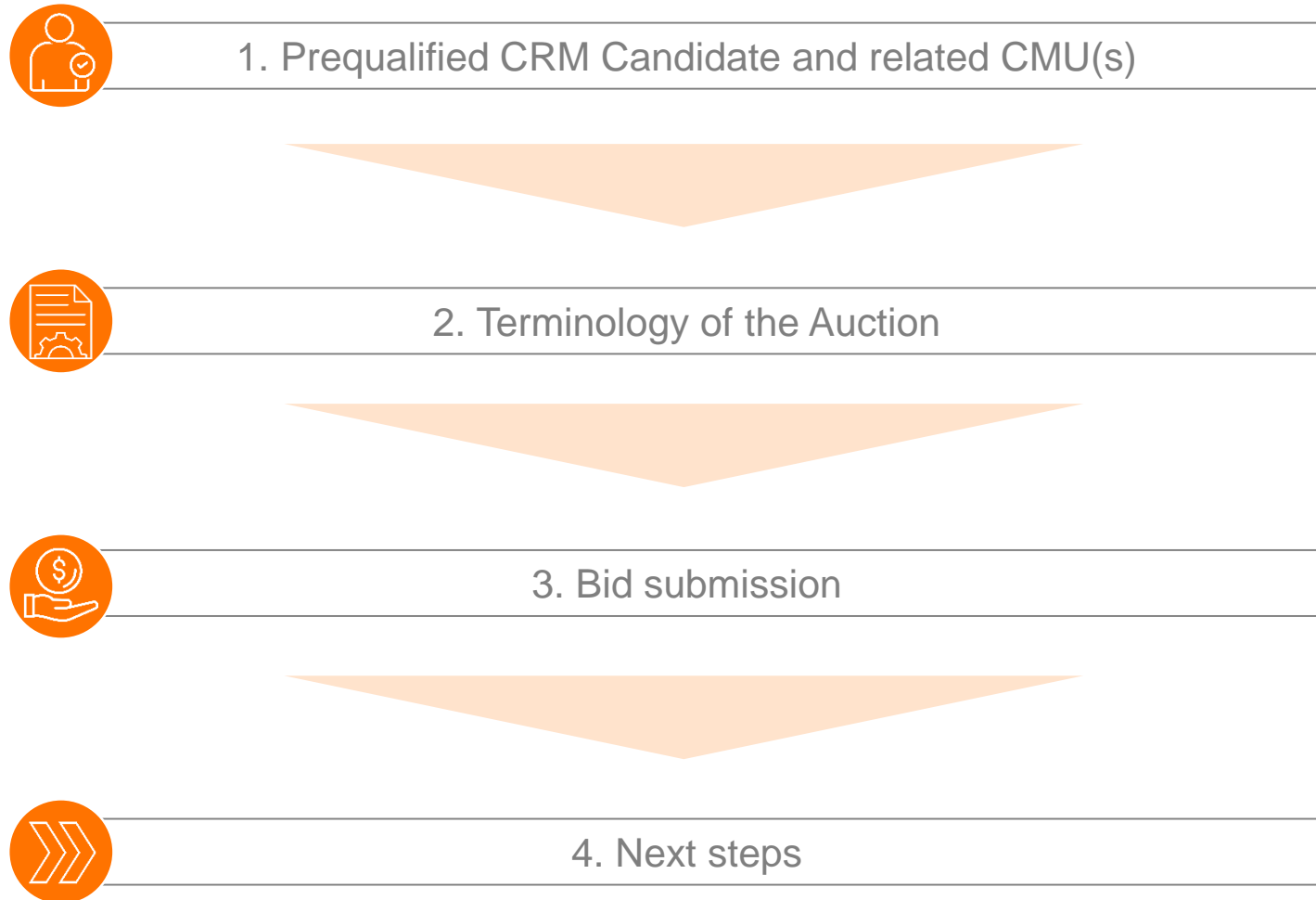


Hypothesis:

- The CRM candidate **has successfully passed** the Prequalification Process with its CMU

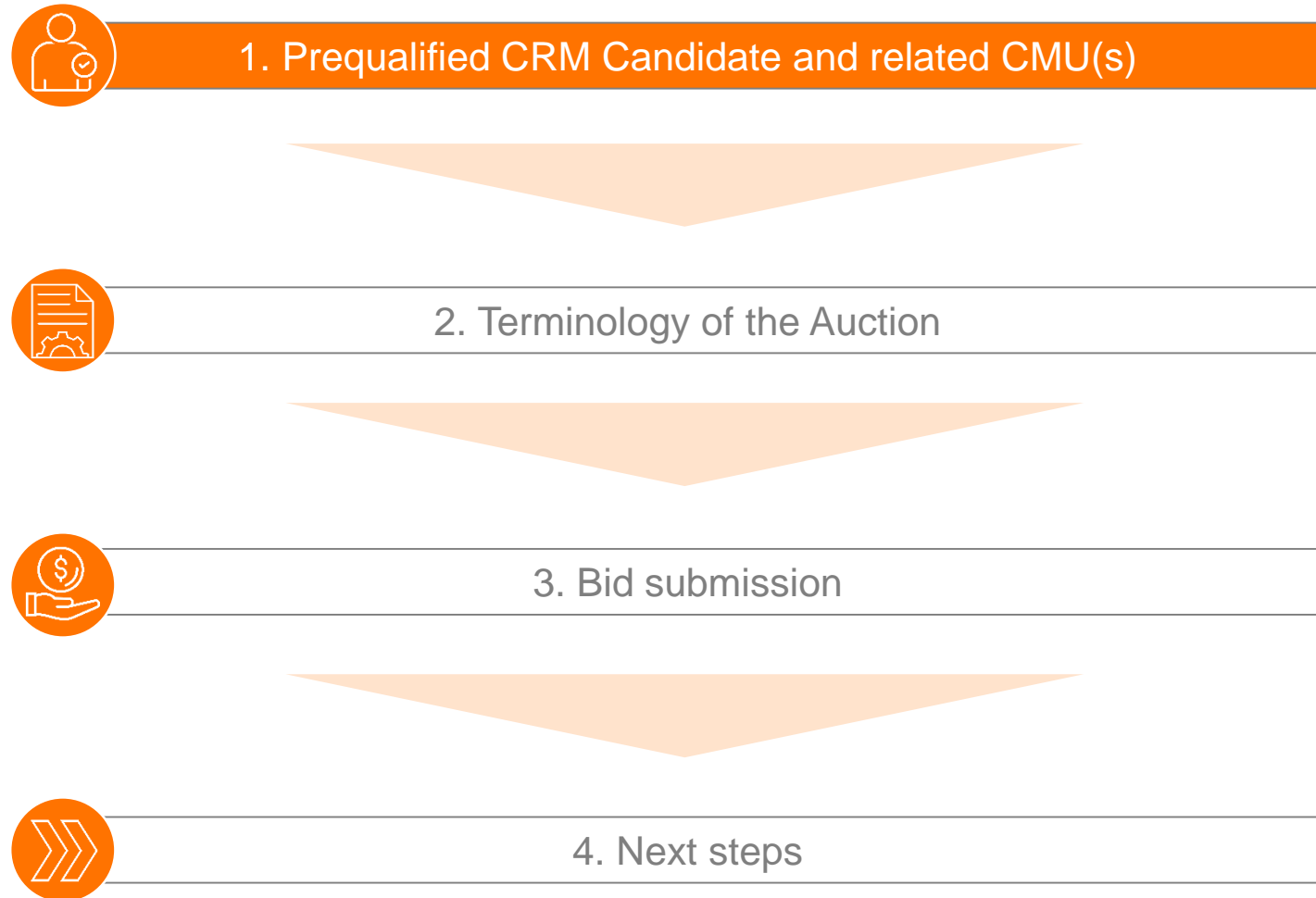
Use case structure

The Auction will be described according to the following flow:



Use case structure

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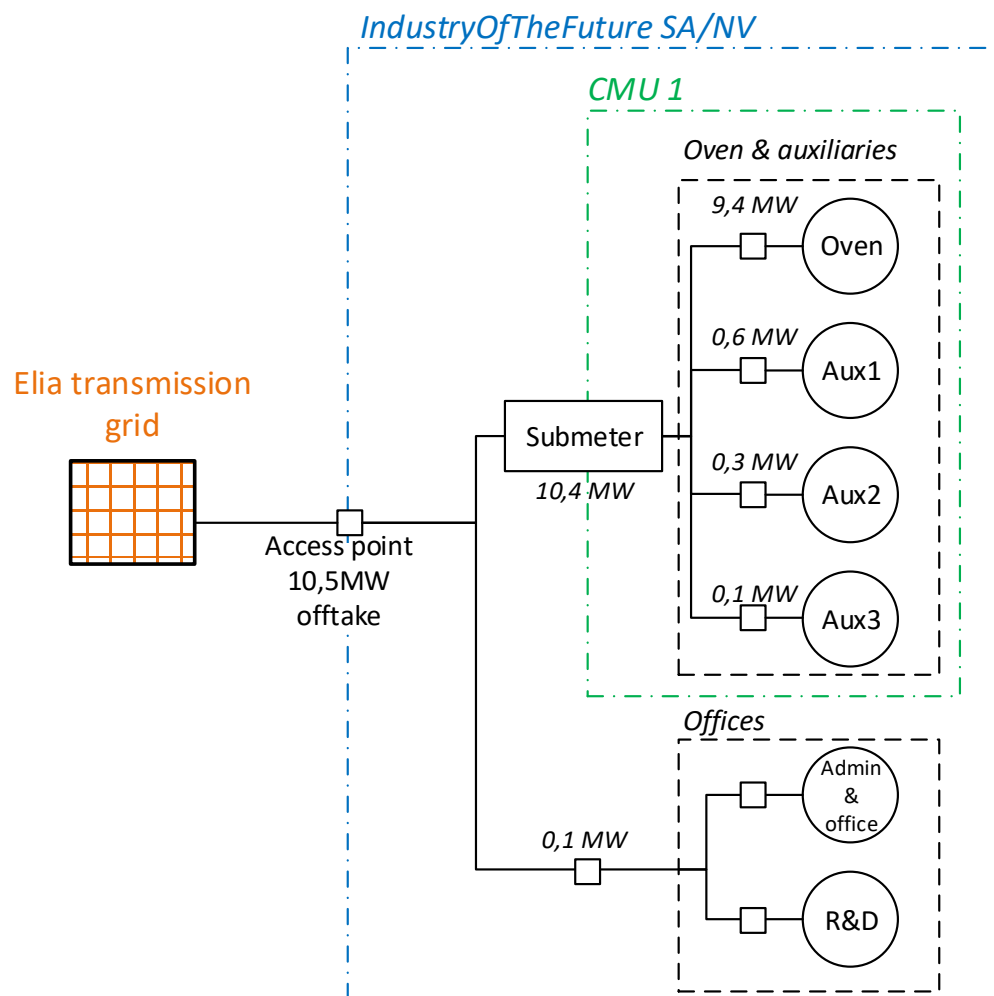


1. The Prequalified CRM Candidate and its CMU(s)

- **IndustryOfTheFuture.SA/NA is owner of a site** on which a major oven & melting process are major consumers of electricity (located in Belgium and TSO connected)
- The CMU is purely electricity consumption oriented & TSO connected – the site has no need of any major investment so that no investment file has been submitted to CREG, which means it can only apply for a one-year capacity contract duration
- His CMU presents a Reference Power of **10 MW**, which corresponds to its Eligible Volume as it's a 24h SLA hours asset, with a Derating Factor of 1
- This CMU is considered as Existing and Individual, which means no Grid Constraints are observed
- IndustryOfTheFuture prequalified this CMU (10MW) to participate in the **2021 Auction**, and made an opt-out of 0,4MW based on the Nominal Reference Power (10,4MW).



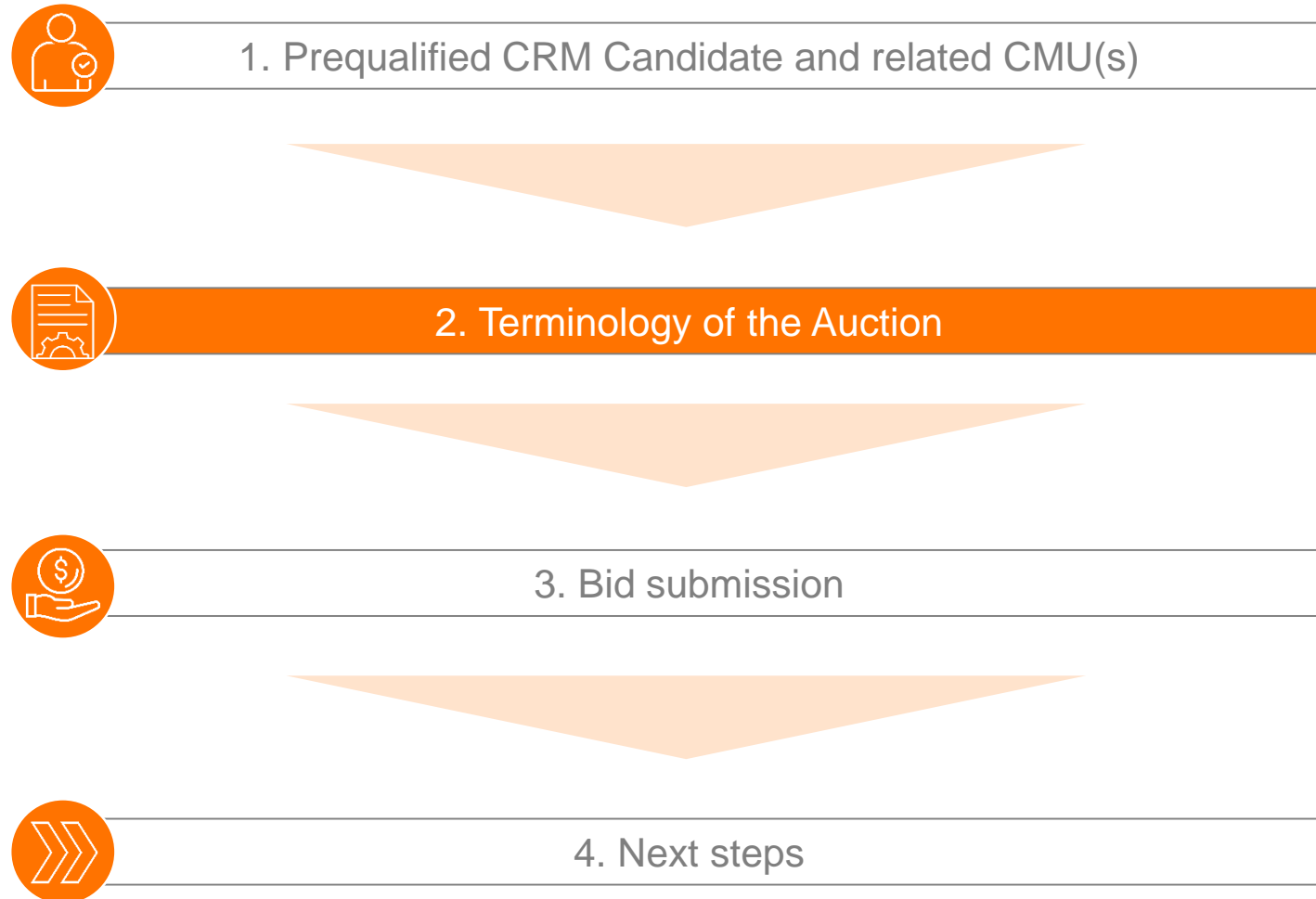
1. Prequalified CRM candidate and related assets



Name of the company:	IndustryOfTheFuture.SA/NA	
Geographical site:	<ul style="list-style-type: none">Owner: IndustryOfTheFuture.SA/NALocation: BelgiumConnection: TSO grid	
Technology	<ul style="list-style-type: none">Electrical load: Oven & melting process (main part of the load), Offices24h SLA hours asset	
Prequalified CMU	Oven and auxiliaries	
CRM Capacity	<ul style="list-style-type: none">Type: ExistingNominal reference power: 10,4 MWOpt-out: 0,4 MWReference power: 10MWDerating factor: 1Eligible Volume: 10MWGrid constraints : No grid constraints as existing load	
Year	<ul style="list-style-type: none">2020	
CRM auction parameters:	<ul style="list-style-type: none">Participate to 2021 Y-4 auction or laterContract duration: 1 year maximum, no investment file submitted to CREG	

Use case structure

The Auction will be described according to the following flow:





2. Terminology of the Auction applicable

Applicable Functioning Rules

Bid : IndustryOfTheFuture can submit bids for his CMU. Among other requirements, every Bid is indivisible, related to one CMU only, and must contain a Bid Price, a Capacity Contract Duration and volume.

Mutually exclusive bids : IndustryOfTheFuture is allowed to submit more than one bid (up to five) for his CMU. It is possible to bid them with a mutual exclusivity in order to reach at least once the Eligible Volume.

Intermediate Price Cap : IndustryOfTheFuture hasn't introduced an investment file as he has no costs that would justify it, which means his CMU got a 1 year Capacity Category, will apply for a 1 year Capacity Contract duration only and is therefore subject to the Intermediate Price Cap.

Bids conditions relevant to the present use case²

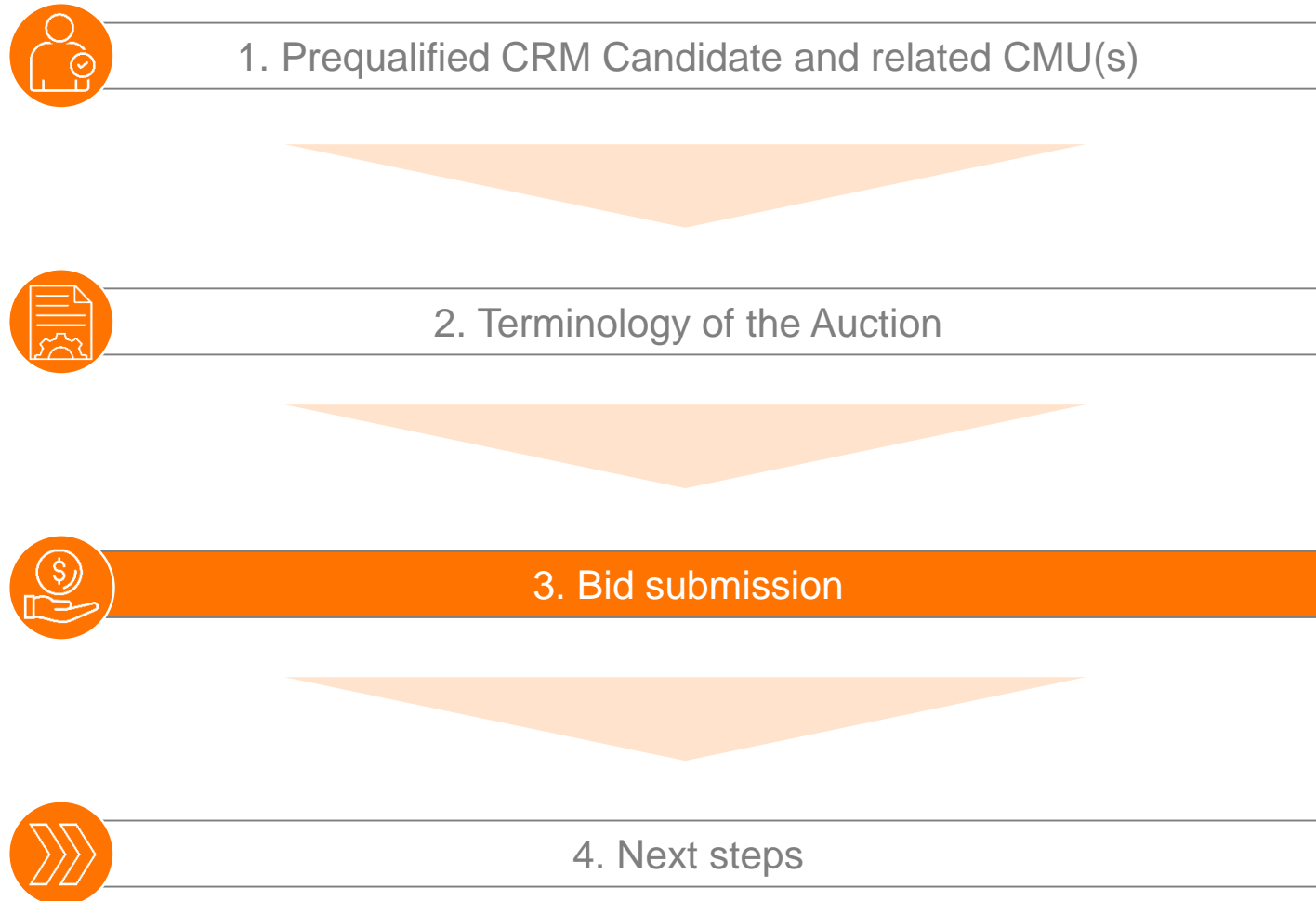
		CMU 1
Amount of bids		$0 \leq n_{\text{bids}} \leq 5$
Bid price		$0 \leq \text{Price}_{\text{bid}} \leq \text{IPC}^1$
Bid volume		<ul style="list-style-type: none">▪ $0 < \text{Volume}_{\text{bid}} \leq 10 \text{ MW}$▪ At least 1 bid or 1 sum of non-mutually exclusive bids = 10 MW
Capacity Contract Duration		$\text{Duration}_{\text{bid}} = 1 \text{ year}$
Bids relationship	Linked bids	<ul style="list-style-type: none">• IndustryOfTheFuture is the owner of only 1 CMU• No linked bids as no linked capacities validated by the prequalification process
	Mutually Exclusive bids	No restriction

¹Intermediate Price Cap

²Other conditions may be applicable even not developed here

Use case structure

The Auction will be described according to the following flow:





3. Bid submission by the Prequalified CRM Candidate

IndustryOfTheFuture only can get a 1 year capacity contract duration as no investment file was submitted to CREG.

Eligible Volume must be offered at least once.

As no Technical Agreement for the CMU was required for this project, IndustryOfTheFuture is allowed to submit bids for the CMU with capacity volumes inferior to the Eligible Volume of his CMU.

IndustryOfTheFuture Bidding strategy:

Bids	CMU ID	CMU Status	Price (€/kW/year)	Volume (MW)	Capacity Contract Duration (years)	Linked with (bids)	Exclusive with (bids)
1	CMU	Existing	17	10	1	/	2, 3, 4, 5
2	CMU	Existing	17,5	9	1	/	1, 3, 4, 5
3	CMU	Existing	18	8	1	/	1, 2, 4, 5
4	CMU	Existing	18,5	7	1	/	1, 2, 3, 5
5	CMU	Existing	19	6	1	/	1, 2, 3, 4

Intermediate Price Cap = 20€/kW/year



3. Bid submission – Mockups: Initial screen

Home

Pre-qualification

Auction

Secondary Market

Auction demo

Profile

Log Out

Help

CRM Auction Dashboard

Delivery Period

2025

Auction Type

Y-4

#23A2ZE4F

Jean Dumont

Compliance	Bid ID	CMU ID	CMU Status	Volume (MW)	Price (€/kW/year)	Contract Duration	Linked with Bid ID	Mutually Exclusive with Bid ID	Bid Status

Global Price Cap (€)

70€/kW/year

Intermediate Price Cap (€)

20€/kW/year

Save as draft

Compliance Check

Submit



3. Bid submission – Mockups: Creating the first bid

HomePre-qualificationAuctionSecondary MarketAuction demoProfileLog OutHelp

CRM Auction Dashboard

Delivery Period2025

Auction TypeY-4

#23A2ZE4FJean Dumont

Compliance	Bid ID	CMU ID	CMU Status	Volume (MW)	Price (€/kW/year)	Contract Duration	Linked with Bid ID	Mutually Exclusive with Bid ID	Bid Status

Bid

CMU ID	CMU
Volume (MW)	10
Price (€)	17
Contract Duration (years)	1
OK	

Global Price Cap (€)70€/kW/year

Intermediate Price Cap (€)20€/kW/year

+

Save as draft

Compliance Check

Submit



3. Bid submission – Mockups: All bids are created

HomePre-qualificationAuctionSecondary MarketAuction demoProfileLog OutHelp

CRM Auction Dashboard

Delivery Period2025

Auction TypeY-4

#23A2ZE4FJean Dumont

Compliance	Bid ID	CMU ID	CMU Status	Volume (MW)	Price (€/kW/year)	Contract Duration	Linked with Bid ID	Mutually Exclusive with Bid ID	Bid Status
	1	CMU	Existing	10	17,00	1			Created
	2	CMU	Existing	9	17,50	1			Created
	3	CMU	Existing	8	18,00	1			Created
	4	CMU	Existing	7	18,50	1			Created
	5	CMU	Existing	6	19,00	1			Created

Global Price Cap (€)70€/kW/year

Intermediate Price Cap (€)20€/kW/year

Save as draft

Compliance Check

Submit



3. Bid submission – Mockups: Adding properties to the bids

HomePre-qualificationAuctionSecondary MarketAuction demoProfileLog OutHelp

CRM Auction Dashboard

Delivery Period2025

Auction TypeY-4

#23A2ZE4FJean Dumont

Compliance	Bid ID	CMU ID	CMU Status	Volume (MW)	Price (€/kW/year)	Contract Duration	Linked with Bid ID	Mutually Exclusive with Bid ID	Bid Status
	1	CMU	Existing	10	17,00	1		2, 3, 4, 5	Created
	2	CMU	Existing	9	17,50	1		1, 3, 4, 5	Created
	3	CMU						1, 2, 4, 5	Created
	4	CMU						1, 2, 3, 5	Created
	5	CMU						1, 2, 3, 4	Created

Bid ID: 1

Linked with Bid ID

Mutually Exclusive with Bid ID

1	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	<input type="checkbox"/>	<input checked="" type="checkbox"/>

OK

Global Price Cap (€)

70€/kW/year

Intermediate Price Cap (€)

20€/kW/year

+

Save as draft

Compliance Check

Submit



3. Bid submission – Mockups: All bids are submitted

Home

Pre-qualification

Auction

Secondary Market

Auction demo

Profile

Log Out

Help

CRM Auction Dashboard

Delivery Period

2025

Auction Type

Y-4

#23A2ZE4F

Jean Dumont

Compliance

Bid ID

CMU ID

CMU Status

Volume (MW)

Price (€/kW/year)

Contract Duration

Linked with Bid ID

Mutually Exclusive with Bid ID

Bid Status

	1	CMU	Existing	10	17,00	1	▼	2, 3, 4, 5 ▼	Submitted
	2	CMU	Existing	9	17,50	1	▼	1, 3, 4, 5 ▼	Submitted
	3	CMU	Existing	8	18,00	1	▼	1, 2, 4, 5 ▼	Submitted
	4	CMU	Existing	7	18,50	1	▼	1, 2, 3, 5 ▼	Submitted
	5	CMU	Existing	6	19,00	1	▼	1, 2, 3, 4 ▼	Submitted

Global Price Cap (€)

70€/kW/year

Intermediate Price Cap (€)

20€/kW/year

Save as draft

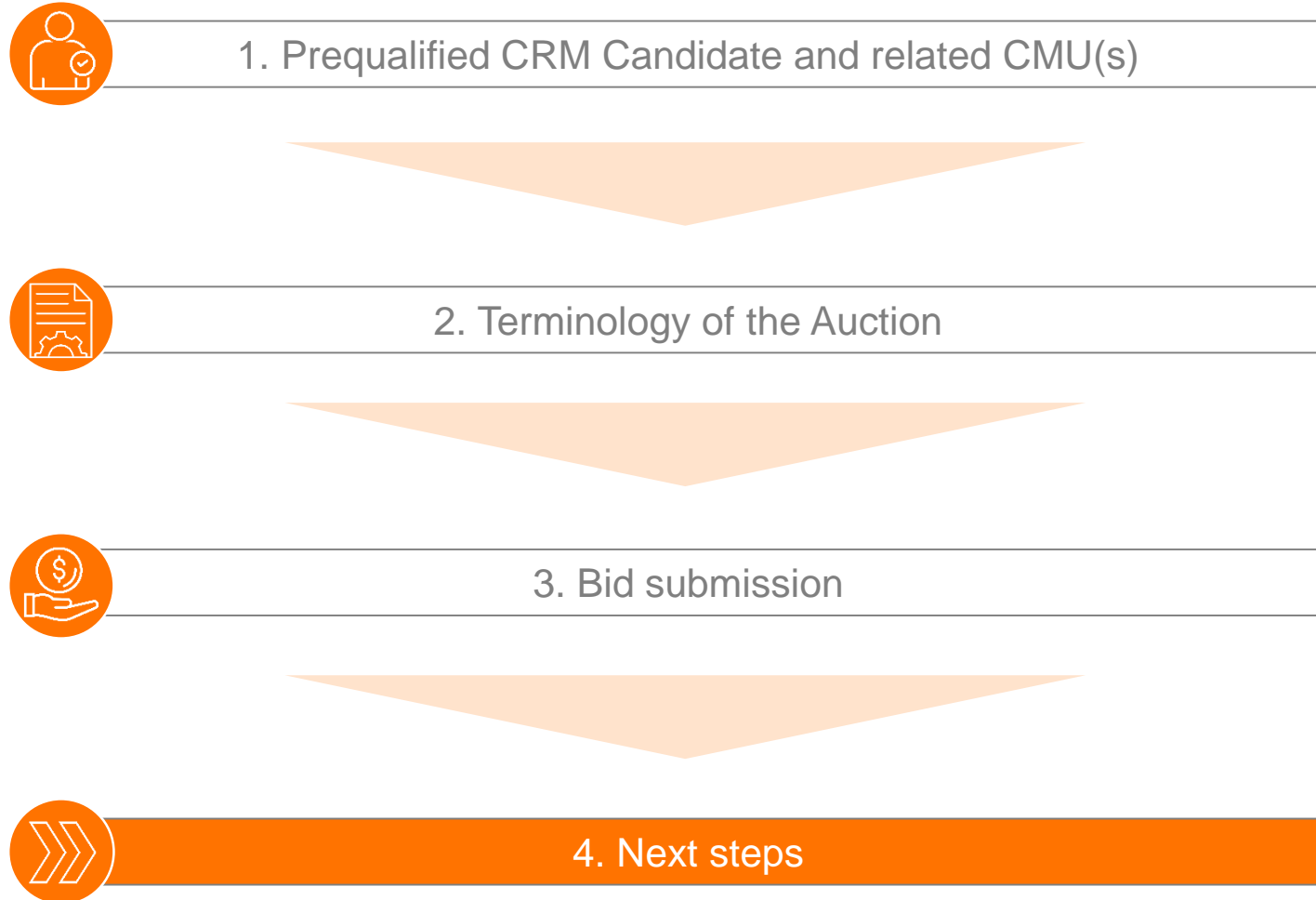
Compliance Check

Submit

IndustryOfTheFuture submits the Bids → Bids are **compliant** → Bids get the “**Submitted**” status

Use case structure

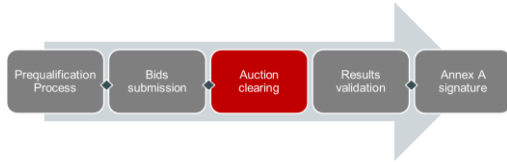
The Auction will be described according to the following flow:





4. Next steps

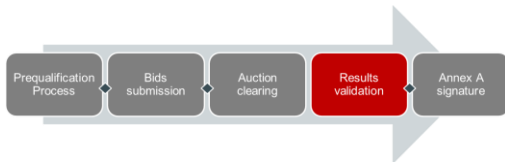
Auction clearing



- Auction clearing as described in the Functioning Rules
- Y-4 2021 for 2025 Delivery Period = **pay-as-bid rule**

Bid 1 is selected in the Auction

Results validation



- Result validation according to modalities set in Royal Decree Control
- Result communication to IndustryOfFuture

Auction results		
Selected bids		
	Selected Bid volumes	10 MW
	Related Price	17€/kW/year
	Capacity contract duration	1 year
CMU Remaining Eligible Volume		0 MW ¹
Issuance date of the 1 st quarterly report		/

¹ The CMU Eligible Volume has been selected

Capacity Remuneration will be set at 17€/kW/year for the 2025 Delivery Period



4. Next steps

Capacity contract signature

- To officially become Capacity Provider, IndustryOfTheFuture shall sign the Capacity Contract with Contractual Counterparty



Once the Capacity Contract is signed, IndustryOfTheFuture enters the pre-delivery phase

Thank you.

