

# Auction use case 3

*Revision 1*

Unproven Capacity project



# 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.

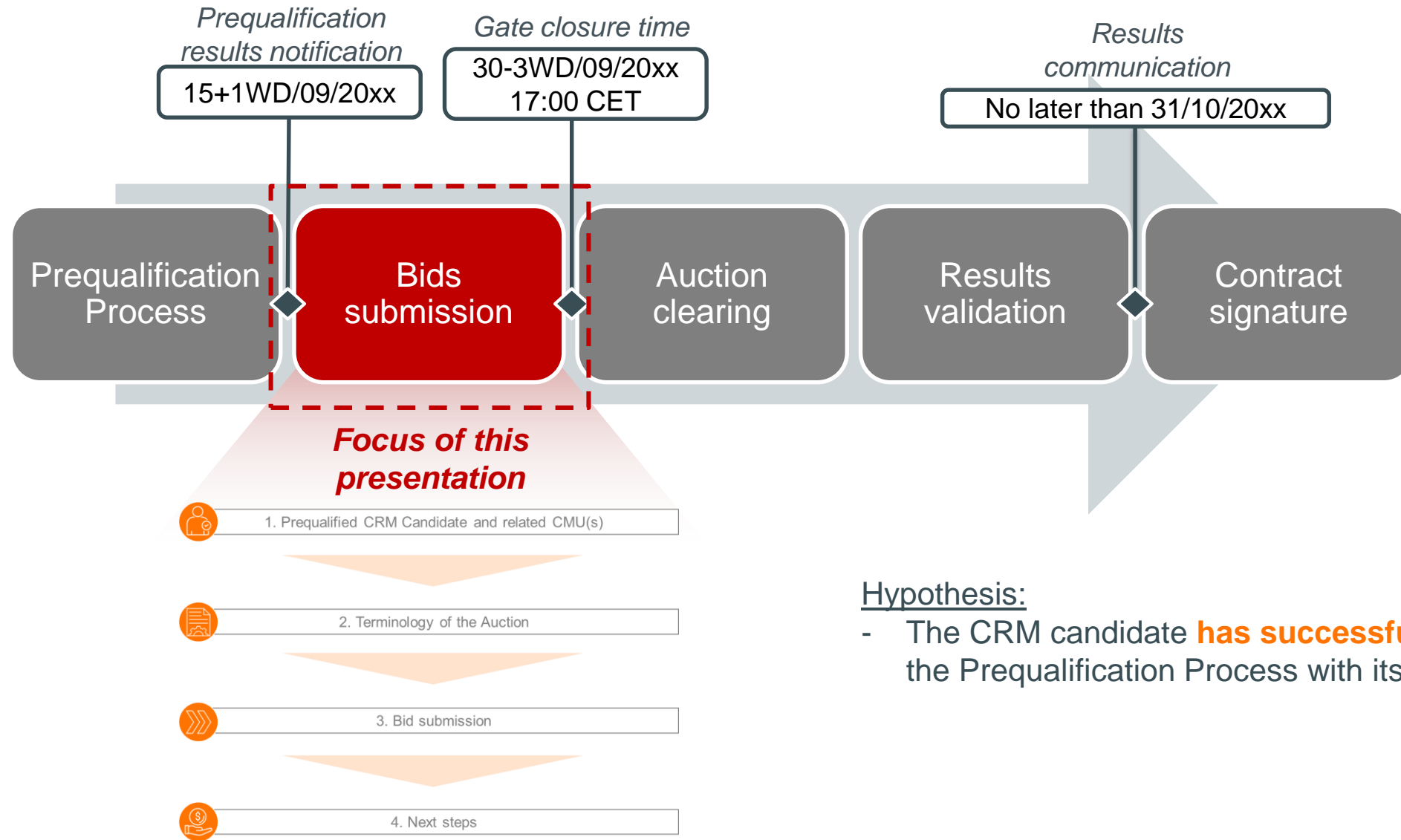
Given that the CRM process consists of several steps, and for each of these steps, several layers of information and details are relevant, it is to be understood that this document focuses on most pertinent auction aspects.

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

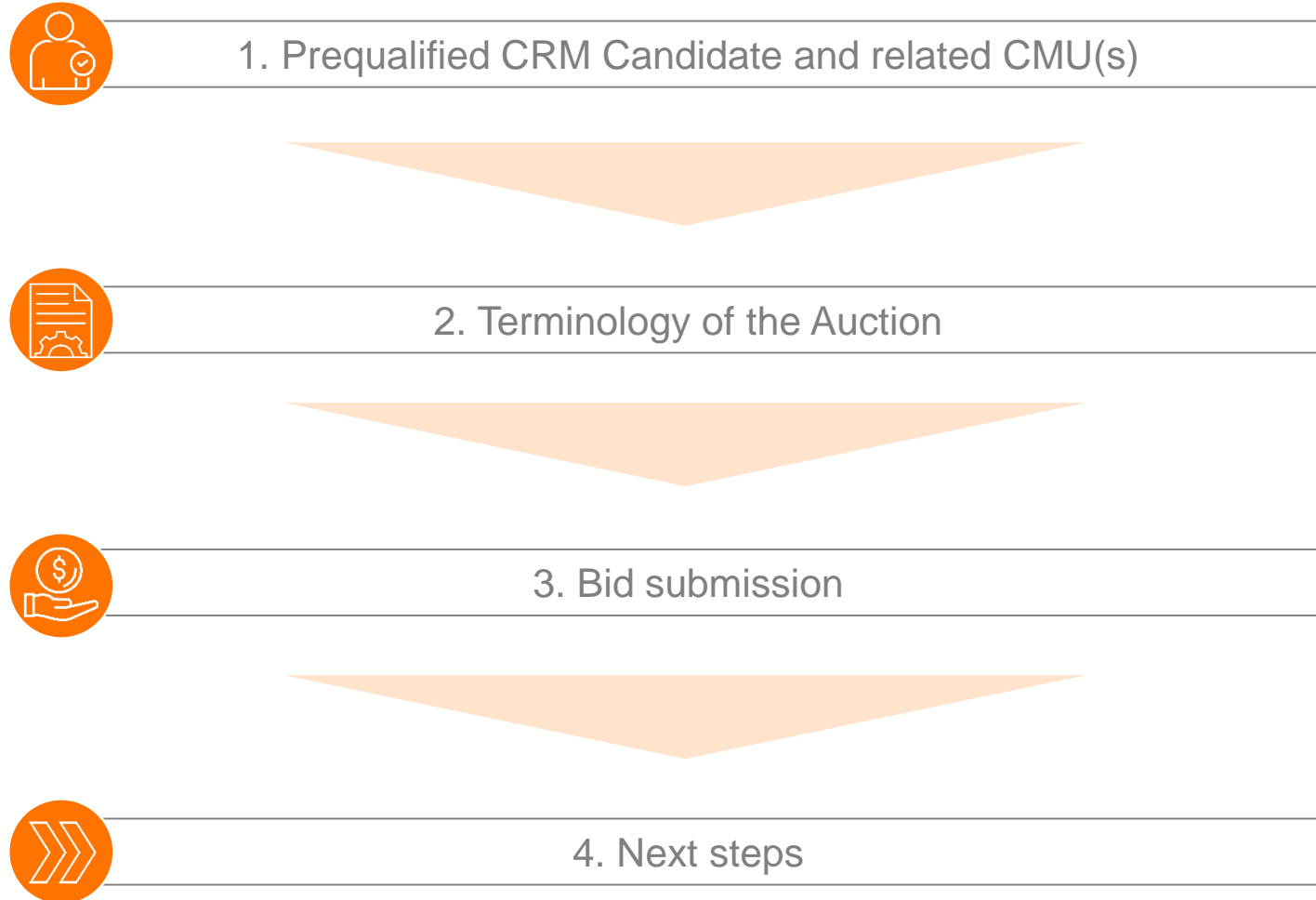


## Hypothesis:

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

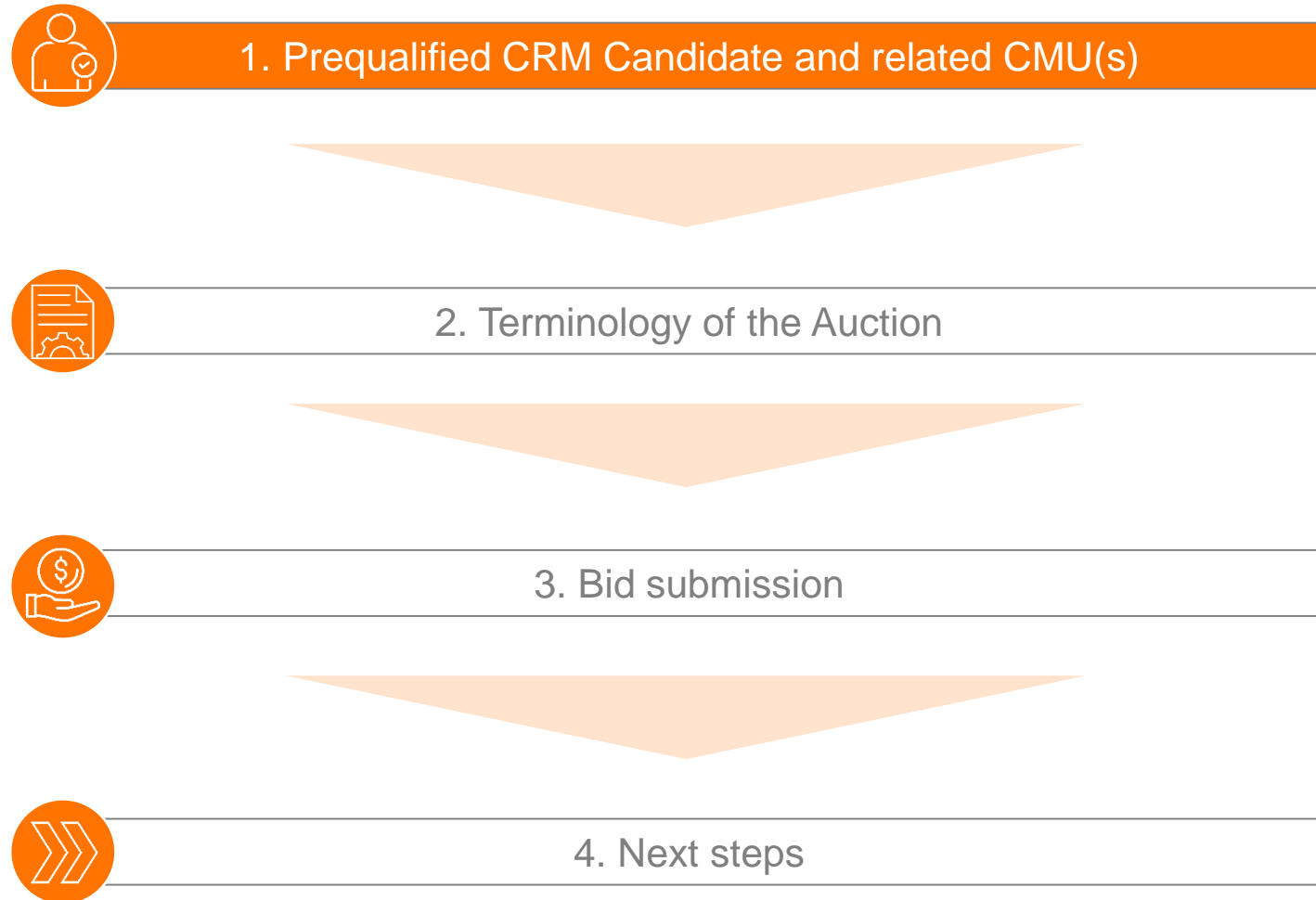
# Use case structure

The Auction will be described according to the following flow:



# Use case structure

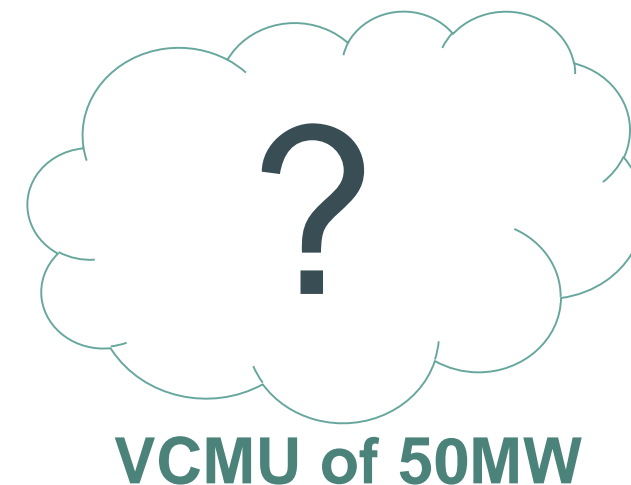
The Auction will be described according to the following flow:





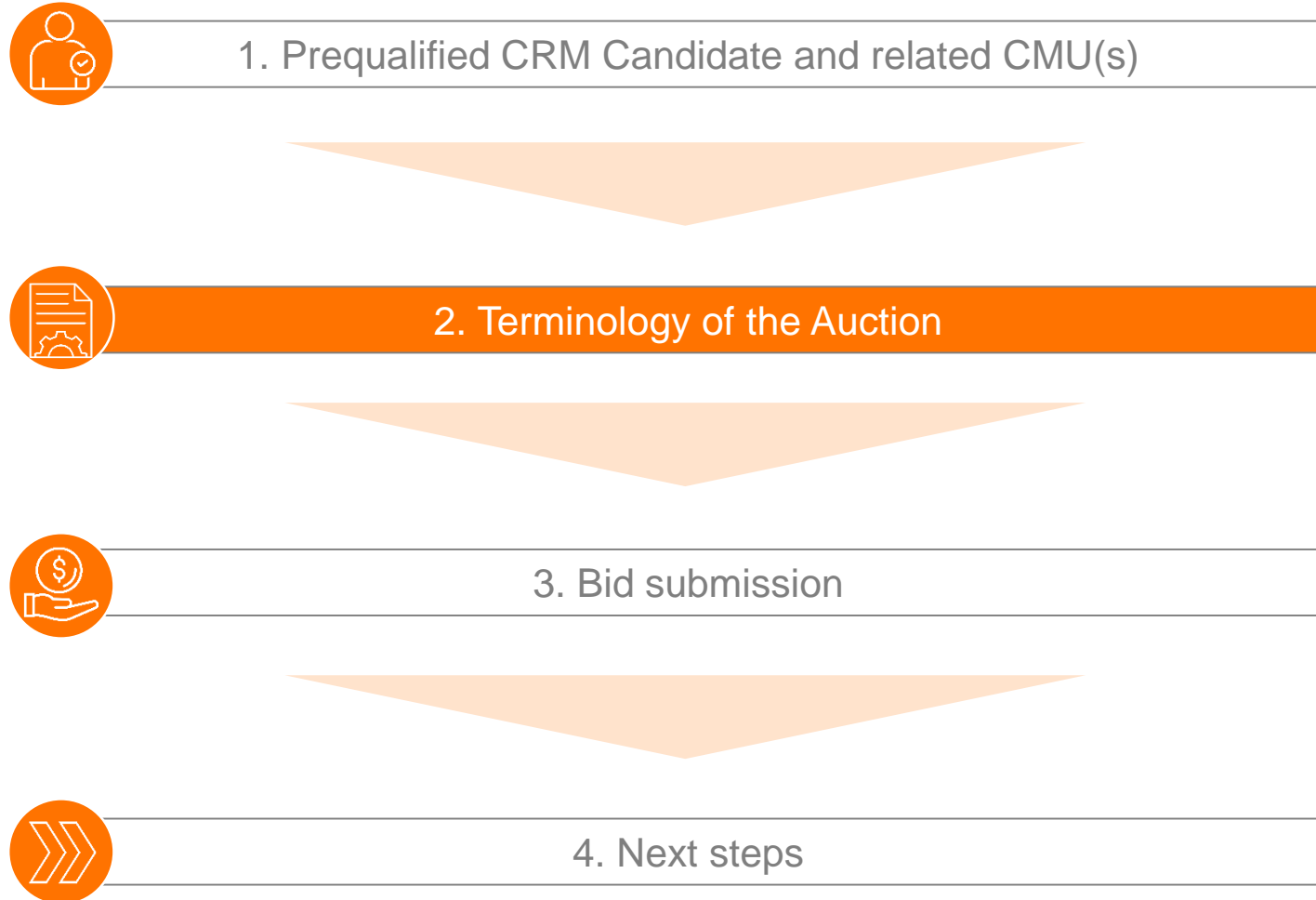
# 1. The Prequalified CRM Candidate and related CMU

- **RollingEnergy.SA/NV** was prequalified to offer **50 MW of Eligible Volume** in the 2021 Y-4 Auction
- Those 50MW have **no Delivery Points** yet but RollingEnergy.SA/NV commits making this capacity available by the start of the delivery period in 2025
- It is up to RollingEnergy.SA/NV to take the responsibility to find such capacity (should it be selected at Auction)
- RollingEnergy.SA/NV is looking for industrials who might want to get more revenues from their processes by participating via RollingEnergy.SA/NV pool into the CRM
- As these industrials are not yet identified, it's not possible to identify their Delivery Points neither, which means that RollingEnergy intends to prequalify 50 MW of **Unproven Capacity, via a Virtual CMU (VCMU)**.
- As the VCMU is not associated to any DP, no investments file could be sent towards CREG so that the VCMU is by definition assigned to a one-year Capacity Category and that only a **one-year Capacity Contract** is allowed to RollingEnergy with his Virtual CMU



# Use case structure

The Auction will be described according to the following flow:





## 2. Terminology of the Auction applicable

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

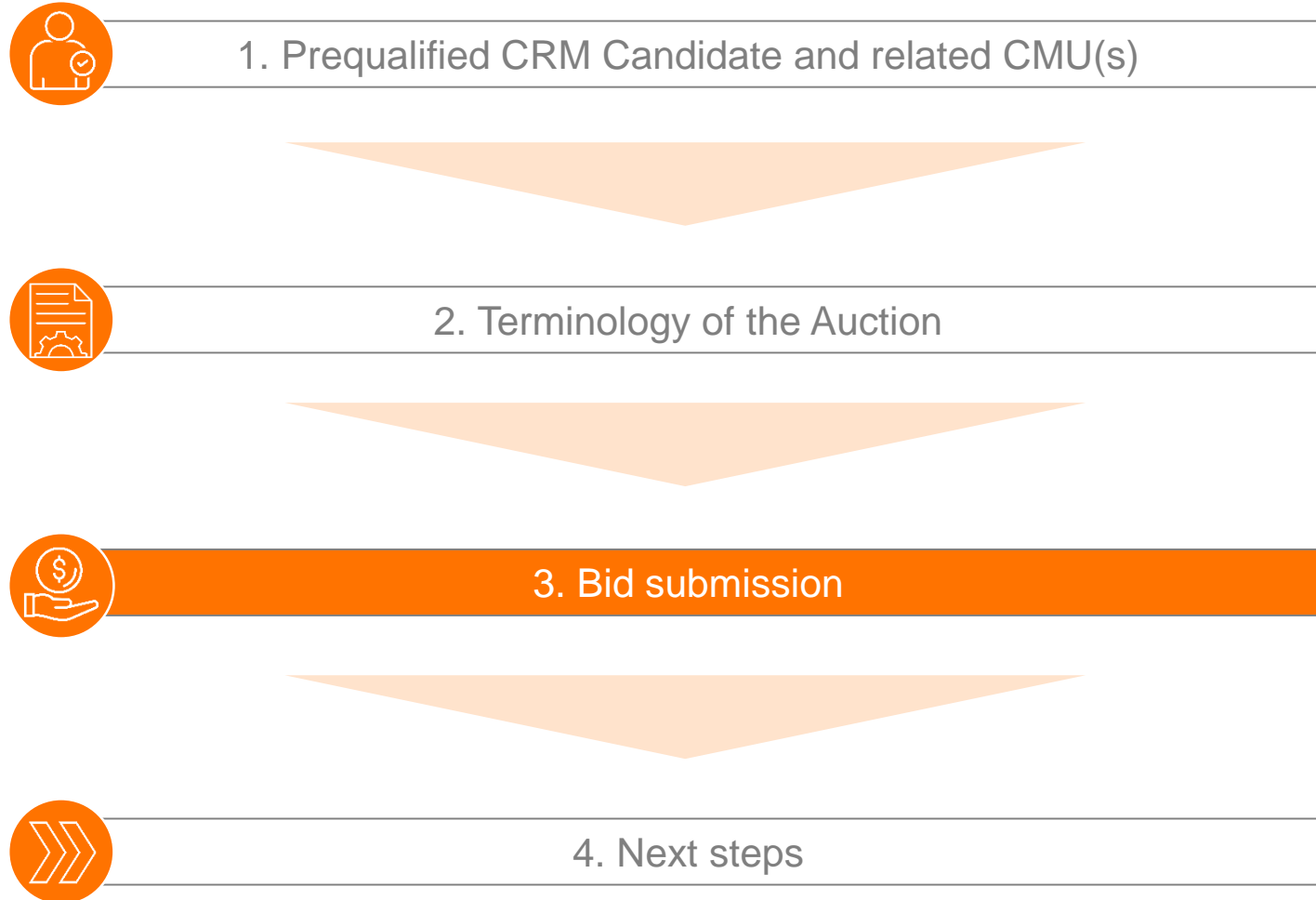
**Mutually exclusive bids** : RollingEnergy is allowed to submit more than one bid (up to five) for his VCMU. It is possible to bid them with a mutual exclusivity in order to reach at least once the Eligible Volume.

**Intermediate Price Cap**: RollingEnergy VCMU having no DP, couldn't introduce an investment file as he has no costs that would justify it, which means his VCMU 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.



# Use case structure

The Auction will be described according to the following flow:





### 3. Bids elaboration by the Prequalified CRM Candidate

- RollingEnergy is going to bid his Unproven Capacity in multiple Bids not linked and inferior to the EV
- According to the Functioning Rules capabilities, at least a (combination of) Bid(s) must reach the EV
- By summing their Bids volumes, this will be the case for two combinations of Bids reach the EV to be compliant with the Auction rules.



### 3. Bid submission

#### RollingEnergy bidding strategy

- Unproven capacities can be subdivided in multiple Bids inferior to EV as long as one combination of Bids reaches the EV
- 2 combinations are compliant

| Bids | CMU ID | CMU Status | Price (€/kW/year) | Volume (MW) | Contract duration (years) | Linked with (bids) | Exclusive with (bids) |
|------|--------|------------|-------------------|-------------|---------------------------|--------------------|-----------------------|
| 1    | VCMU   | Unproven   | 17                | 20          | 1                         | /                  | 2, 5                  |
| 2    | VCMU   | Unproven   | 17,5              | 45          | 1                         | /                  | 1, 3, 4               |
| 3    | VCMU   | Unproven   | 18                | 10          | 2                         | /                  | 2, 5                  |
| 4    | VCMU   | Unproven   | 18,5              | 20          | 1                         | /                  | 2,5                   |
| 5    | VCMU   | Unproven   | 20                | 5           | 1                         | /                  | 1, 3, 4               |

$\Sigma = EV$

$\Sigma = EV$

### 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

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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)

20

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

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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


|                       |   |      |          |    |       |   |   |   |         |
|-----------------------|---|------|----------|----|-------|---|---|---|---------|
| <input type="radio"/> | 1 | VCMU | Unproven | 20 | 17,00 | 1 | ▽ | ▽ | Created |
| <input type="radio"/> | 2 | VCMU | Unproven | 45 | 17,50 | 1 | ▽ | ▽ | Created |
| <input type="radio"/> | 3 | VCMU | Unproven | 10 | 18,00 | 2 | ▽ | ▽ | Created |
| <input type="radio"/> | 4 | VCMU | Unproven | 20 | 18,50 | 1 | ▽ | ▽ | Created |
| <input type="radio"/> | 5 | VCMU | Unproven | 5  | 20,00 | 1 | ▽ | ▽ | Created |
|                       |   |      |          |    |       |   |   |   |         |


Global Price Cap (€)

Intermediate Price Cap (€)

70€/kW/year

20€/kW/year





Save as draft

Compliance Check

Submit



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

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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 |
|-----------------------|--------|--------|------------|-------------|-------------------|-------------------|--------------------|--------------------------------|------------|
| <input type="radio"/> | 1      | VCMU   | Unproven   | 20          | 17,00             | 1                 | ▼                  | ▼                              | Created    |
| <input type="radio"/> | 2      | VCMU   | Unproven   | 45          | 17,50             | 1                 | ▼                  | ▼                              | Created    |
| <input type="radio"/> | 3      | VCMU   |            |             |                   |                   | ▼                  | ▼                              | Created    |
| <input type="radio"/> | 4      | VCMU   |            |             |                   |                   | ▼                  | ▼                              | Created    |
| <input type="radio"/> | 5      | VCMU   |            |             |                   |                   | ▼                  | ▼                              | 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 type="checkbox"/>            |
| 4 | <input type="checkbox"/> | <input 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 created and ready for submission

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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      | VCMU   | Unproven   | 20          | 17,00             | 1                 | ▽                  | 2, 5                           | Checked    |
|            | 2      | VCMU   | Unproven   | 45          | 17,50             | 1                 | ▽                  | 1, 3, 4                        | Checked    |
|            | 3      | VCMU   | Unproven   | 10          | 18,00             | 2                 | ▽                  | 2, 5                           | Created    |
|            | 4      | VCMU   | Unproven   | 20          | 18,50             | 1                 | ▽                  | 2, 5                           | Checked    |
|            | 5      | VCMU   | Unproven   | 5           | 20,00             | 1                 | ▽                  | 1, 3, 4                        | Checked    |

i

Bid 3: The contract duration of an unproven capacity cannot exceed 1 year

1

2

|                      |                            |
|----------------------|----------------------------|
| Global Price Cap (€) | Intermediate Price Cap (€) |
| 70€/kW/year          | 20€/kW/year                |

Save as draft

Compliance Check

Submit



### 3. Bid submission – Mockups: All bids are created and ready for submission

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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      | VCMU   | Unproven   | 20          | 17,00             | 1                 | ▽                  | 2, 5                           | Submitted  |
|            | 2      | VCMU   | Unproven   | 45          | 17,50             | 1                 | ▽                  | 1, 3, 4                        | Submitted  |
|            | 3      | VCMU   | Unproven   | 10          | 18,00             | 1                 | ▽                  | 2, 5                           | Submitted  |
|            | 4      | VCMU   | Unproven   | 20          | 18,50             | 1                 | ▽                  | 2, 5                           | Submitted  |
|            | 5      | VCMU   | Unproven   | 5           | 20,00             | 1                 | ▽                  | 1, 3, 4                        | Submitted  |

Global Price Cap (€)

70€/kW/year

Intermediate Price Cap (€)

20€/kW/year

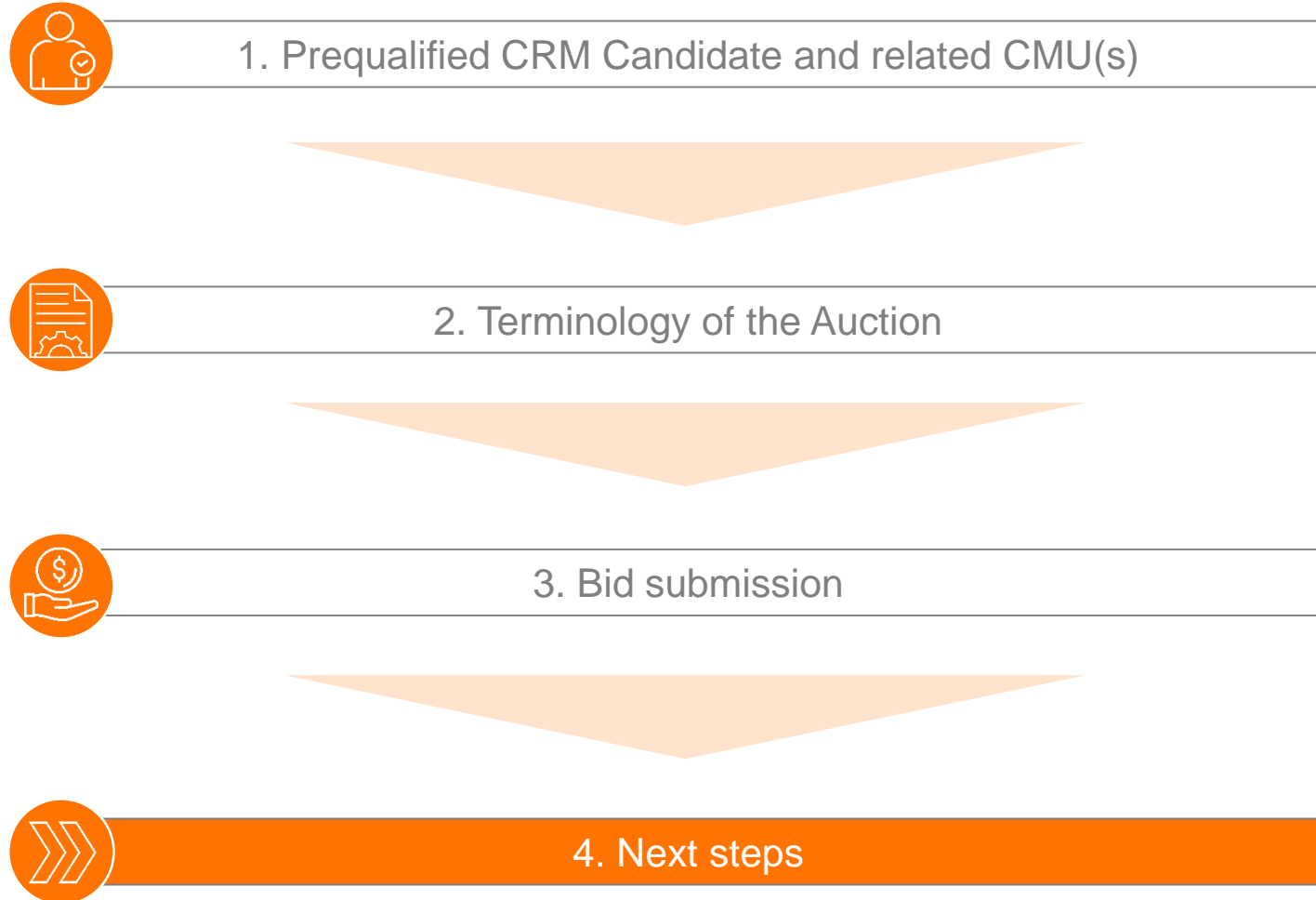
Save as draft

Compliance Check

Submit

# 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**
- There's an **additional condition** on clearing for Virtual CMUs: maximum 400MW of Unproven Capacity can be selected in the Auction, all candidates combined

**Bids 1 (20MW), 4(10MW), 5(20MW) of RollingEnergy are selected in the Auction**

### Results validation



- Result validation according to modalities set in Royal Decree Control
- Result communication to **RollingEnergy.SA/NV**

| Auction results                                       |                            |                               |
|---|----------------------------|-------------------------------|
| Selected bids   |                            |                               |
|   | Selected Bid volumes       | 1 (20MW); 3 (10MW); 4 (20 MW) |
|   | Related Price              | 17; 18; 18,5 €/kW/year        |
|   | Capacity contract duration | 1 year                        |
| Remaining Eligible Volume                             |                            | 0 MW                          |
| Issuance date of the 1 <sup>st</sup> quarterly report |                            | /                             |



## 4. Next steps

### Capacity contract signature



- As next step, RollingEnergy shall sign the Capacity Contract with the Contractual Counterparty

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

**Thank you.**

