DRAFT PROPOSAL 25/11/2019

MARKET RULES FOR THE CAPACITY REMUNERATION MECHANISM

Date of submission of regulatory approval xxx

Applicable from XXXXX

In accordance with Article 7undecies of the Act of 29 April 1999 on the organization of the electricity market

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1 Definitions

1.1 General Definitions

For reasons of completeness and informational purposes, the list of definitions hereunder also includes the relevant terms already defined in the Electricity Act or in the European legislation. For these definitions already provided under the Electricity Act a non-official English translation is provided.

Term (English)	Definition
Access Point	As defined in article 2 §1 (29) of the Federal Grid Code. For an access to the Elia Grid other than the transmission grid, or to a Public Distribution Grid, or to a CDS: a point, defined by the physical location and voltage level, at which access to the Elia Grid other than transmission grid, or to a Public Distribution Grid, or to a CDS is granted, with a goal to injecting or taking off power, from an electricity generation unit, a consumption facility, a non-synchronous storage facility, connected to this grid.
Additional Capacity	Capacity for which, at the time of prequalification file submission, no Nominal Reference Power can be calculated based on 15 minutes measurements or which requires a signed technical agreement with Elia as per connection process in Federal Grid Code.
AMT Hour	An hour identified by exceeding the Availability Monitoring Trigger.
AMT Moment	A series of consecutive AMT Hours.
AMT Price or p_{AMT}	The ex-ante defined price level for a Delivery Period identifying AMT Hours.
Ancillary Services	As defined in article 2 §1 52° of the Federal Grid Code.
Auction	As defined in article 2, 73° of the Electricity Act.
Auction Platform	The set of information systems within the control of Elia used to perform their functions under the Auction.
Available Capacity	The CMU's capacity that is available as a result of the Availability Monitoring Mechanism or the Availability Test. Available Capacity can consist of both Proven Availability and Unproven Availability.

Availability Monitoring	The process to monitor whether the CMU's Available Capacity equals at least its Obligated Capacity during AMT Hours as referred to in article 7undecies § 7 of the Electricity Act.
Availability Monitoring Mechanism	The mechanism that monitors whether the CMU's Available Capacity equals at least its Obligated Capacity during AMT Hours as referred to in article 7undecies § 7 of the Electricity Act.
Availability Monitoring Trigger (AMT)	A pre-defined trigger in a pre-defined market segment, equal to or above which AMT Hours are identified.
Availability Obligations	The obligation of a CMU to have an Available Capacity that equals at least its Obligated Capacity during AMT Hours or an Availability Test.
Availability Penalty	The amount payable to which the Capacity Provider is exposed in case of Missing Capacity.
Availability Ratio	The proportion of the Available Capacity to the Obligated Capacity, calculated for a CMU per 15 minutes.
Availability Test	The tests based on which CMUs have to demonstrate their availability by actually delivering energy upon request of the transmission system operator. During an Availability Test it is monitored whether the CMU's delivered energy equals at least its Obligated Capacity.
Balancing Market	As defined in article 2, 2° of the Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.
Baseline	The power, on a quarter hourly basis, on which the energy volume that the CMU would have taken off is evaluated in case no demand side response is activated.
Bid	Offer made by a Prequalified CRM Candidate in the Auction.
Bid Cap	A maximum Bid Price (in EUR/MW/year) that can be made for a Bid in the Auction.
Bid Price	The price (in EUR/MW/year) at which a Prequalified CRM Candidate is offering a Bid in the Auction.
Buyer of an Obligation	A Prequalified CRM Candidate or a Capacity Provider taking over the obligations resulting from the Service under the CRM of a Seller of an Obligation via a Transaction on the Secondary Market.

Calibrated Strike Price	The value of the Strike Price applicable at a certain moment as determined as a result of the yearly calibration process as referred to in article 7undecies § 2, 2° of the Electricity Act.
Capacity	Power associated to a Delivery Point.
Capacity Category	As defined in article 2, 84° of the Electricity Act. As referred to in article 7undecies § 7 of the Electricity Act, the Capacity Contract Durations 1-year, 3-years, 8-years and 15-years, depending on the category.
Capacity Contract	The contract signed between a Capacity Provider and the Contractual Counterparty as referred to in Article 7undecies § 7, al. 1 of the Electricity Act.
Capacity Contract Duration	The number of consecutive Delivery Period(s) that the Capacity Contract covers as stipulated in the Capacity Contract.
Capacity Contract Framework	The contract signed as part of the Prequalification Process between a CRM Candidate and the Contractual Counterparty that determines the rights and obligations for both parties and under which a Capacity Holder becomes bound by these Market Rules.
Capacity Holder	As defined in article 2, 74° of the Electricity Act.
Capacity Market Unit (CMU)	A Capacity (« individual CMU ») or several associated Capacities (« aggregated CMU») with the objective to deliver the Service in the Capacity Remuneration Mechanism. In the context of Unproven Capacities, it is also called «virtual Capacity Market Unit».
Capacity Provider	As defined in article 2, 75° of the Electricity Act.
Capacity Remuneration	As defined in article 2, 76° of the Electricity Act.
Capacity Remuneration Mechanism (CRM)	As defined in article 2, 71° of the Electricity Act.
CDS Operator (CDSO)	A natural or legal person appointed by the relevant authority as the operator of the CDS.
CIPU Contract	The contract for the Coordination of Injection of Production Units concluded with Elia, or any other regulated contract(s) that will replace the CIPU Contract, in accordance with the dispositions in article 377 of the Federal Grid Code;

Closed Distribution System (CDS)	As defined in article 2, §1, 3° of the Federal Grid Code;
Contracted Capacity	The Capacity of a CMU subject to a Transaction in the Primary Market or in the Secondary Market.
Contractual Counterparty	The counterpart assigned in execution of the article 7quaterdecies § 1 of the Electricity Act.
CRM Candidate	A Capacity Holder that has initiated the Prequalification Process.
CRM Act	The Act of 22/04/2019 amending the Electricity Act: « Wet tot wijziging van de wet van 29 april 1999 betreffende de organisatie van de elektriciteitsmarkt, teneinde een capaciteitsvergoedingsmechanisme in de stellen » / « Loi modifiant la loi du 29 avril 1999 relative à l'organisation du marché de l'électricité portant la mise en place d'un mécanisme de rémunération de capacité ».
CRM Required Volume	Volume that should be contracted by an Auction for a certain Delivery Period.
Daily Schedule	The program of production of a CMU (in MW), given on a quarter-hourly basis, provided to Elia in Day-Ahead Market and updated in accordance with the rules of the CIPU Contract.
Day-Ahead Market (DAM)	The auction process, as defined in article 2.26° of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.
Day-Ahead Market Price	As published on Elia's website (https://www.ELIA.be/en/grid-data/transmission/day-ahead-reference-price), the Belgian reference price as calculated by Elia as the volume weighted average price of the prices of the NEMO hubs in the Belgian bidding zone, as defined in the Belgian MNA.
Declared Day-Ahead Price	The Day-Ahead Market price declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching at least its Obligated Capacity.
Declared Balancing Price	The positive imbalance price optionally declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching at least its Obligated Capacity.
Declared Intraday Price	The Intraday Market price optionally declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching at least its Obligated Capacity.

Declared Market Price (DMP)	The price declared by the Capacity Provider that is equal to or surpassed on its respective market associated with the highest volume of energy the CMU would deliver by dispatching that volume, as established in section 9.3.1.
Delivery Period	As defined in article 2, 77° of the Electricity Act.
Delivery Point	A point on an electricity grid or within the electrical facilities of a Grid User, where the Service is delivered. This point is associated with one or several metering device(s) in conformity with standards set by Elia.
Demand Curve	As defined in article 2, 78° of the Electricity Act.
Demand Side Response (DSR)	As defined in article 2, 66° of the Electricity Act.
Derating Factor	As defined in article 2, 83° of the Electricity Act.
Direct Cross-Border Participation	As defined in article 2, 86° of the Electricity Act.
Electricity Act	Federal Electricity Act of 29 April 1999 on the organization of the electricity market: "Wet van 29 april 1999 betreffende de organisatie van de elektriciteitsmarkt" / "Loi du 29 avril 1999 relative à l'organisation du marché de l'électricité".
Elia Grid	The electricity grid to which Elia holds the property right or at least the right of using and operating it, and for which Elia has been appointed as system operator;
Eligible Volume	The Reference Power of a CMU multiplied by the Derating Factor, or in case of Unproven Capacity the volume associated to a virtual CMU as declared 100% available by the CRM Candidate, as determined in the Capacity Contract Framework during the Prequalification Process.
Energy Constrained CMU	A CMU that has limited availability because it can only provide energy for a limited number of hours per day.
Existing Capacity	Capacity for which, at the time of prequalification file submission, the Nominal Reference Power can be calculated based on 15 minutes measurements.
Federal Grid Code	The provisions of the Royal Decree of 22 April 2019, establishing a federal technical regulation for the management of and access to the transmission grid.

Forced Outage	An unplanned removal (full or partial) of a CMU providing the Service for any urgent reason that is not under the operational control of the Capacity Provider;
Global Auction Price Cap	The Price Cap applicable in an Auction to all Bids.
Grid User	As defined in article 2 §1 (57) of the Federal Grid Code for a Grid User connected to the Elia Grid or to Public Distribution Grid; or as defined in article 2 §1 (58) of the Federal Grid Code for a Grid User connected to a CDS;
Grid User Declaration	The official declaration of the Grid User provided to Elia in the Capacity Contract Framework, containing among other things proof of the agreement between the CRM Candidate and the Grid User to provide the Service with one (or more) specific Delivery Point(s) for which he is responsible of;
Indirect Cross-Border Participation	As defined in article 2, 85° of the Electricity Act.
Intraday Market	The single intraday coupling, as defined in article 2, 27° of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.
Investment Threshold	The amount of an investment in Capacity, expressed in EUR/kW, linked to a Capacity Category.
Last Published Derating Factor	The latest published value for a category of Derating Factor as a result of the yearly calibration process as referred to in article 7undecies § 2, 2° of the Electricity Act.
Market Rules	The rules referred to in article 7undecies § 8 of the Electricity Act.
Measured Power	The power read by Elia from the meter installed at the Delivery Point averaged over every hour corresponding to a Day-Ahead market segment.
Missing Capacity	The positive difference between the Obligated Capacity and the Available Capacity.
Nominal Reference Power	Maximal capacity of a Capacity that could be offered in the Capacity Remuneration Market.
Non-Eligible Capacity	Capacity that is not allowed to take part in the CRM.
Non-Energy Constrained CMU	A CMU that is not subject to limited availability, because it is not subject to the constraint of only providing energy for a limited number of hours per day.

Non-SLA Hours	All Hours of an Energy Constrained CMU that are not SLA Hours.
Obligated Capacity	The Capacity for a CMU that a Capacity Provider is obliged to make available in the form of Available Capacity during pre-delivery monitoring, Availability Tests and Availability Monitoring, in line with the availability requirement, as referred to in Article 7undecies §7 of the Electricity Act.
Opt-Out Volume	(Part of) the Nominal Reference Power of a CMU for which the CRM Candidate formally indicates it is not willing to offer it in the Auction, by the end of the Prequalification Process at the latest as referred to in article 7undecies § 6 of the Electricity Act.
Opt-Out Notification	The notification based on which a CRM Candidate notifies Elia that it has decided not to offer the Opt-Out Volume into an Auction for a Delivery Period, in line with Article 7undecies §6 of the Electricity Act.
Partial Balancing Price	The positive imbalance price optionally declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching a part of its Obligated Capacity as indicated by the Capacity Provider according to the modalities in section 9.3.
Partial Day-Ahead Price	The Day-Ahead Market price optionally declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching a part of its Obligated Capacity as indicated by the Capacity Provider according to the modalities in section 9.3.
Partial Intraday Price	The Intraday Market price optionally declared by the Capacity Provider equal to or above which a CMU would deliver energy in the energy market by dispatching a part of its Obligated Capacity as indicated by the Capacity Provider according to the modalities in section 9.3.
Payback Obligation	A Capacity Provider's obligation to pay back an amount to the Contractual Counterparty in function of the Contracted Capacity as referred to in Article 7undecies § 7 of the Electricity Act.
Pmax available	The maximum power (in MW), that the Delivery Point can inject into (or take off) the Elia Grid for a certain quarter-hour, taking into account all technical, operational, meteorological or other restrictions known at the time of notification to Elia with the Daily Schedule, without taking into account any participation in the provision of Balancing Services;
Prequalification Platform	The set of information systems within the control of Elia used to perform their functions under the Prequalification Process.
Prequalification Process	As defined in article 2, 82° of the Electricity Act.
Prequalified CRM Candidate	The CRM Candidate that is allowed to participate in an Auction thanks to the prequalification of one or several Capacity Market Unit(s).

Price Cap	The maximum Bid Price and the maximum Capacity Remuneration that can be received for a Bid.
Primary Market	The market where the obligations resulting from the Service are created as a result of an Auction and the signing of a Capacity Contract.
Proven Availability	The situation in which (i) a CMU without Daily Schedule is available during AMT Hours where the Declared Market Price is exceeded by its respective market price, that at least equals the Obligated Capacity or (ii) a CMU with Daily Schedule is available in the energy market for at least its Obligated Capacity or (iii) a CMU reserving its Obligated Capacity in an Ancillary Services made up only of Delivery Points associated to the CMU or (iv) a CMU physically delivering its Obligated Capacity output as a result of Ancillary Services activations.
Public Distribution Grid or "DSO Grid"	As defined in article 2, 49° of the Federal Grid Code;
Public Distribution System Operator or "DSO"	A natural personal or legal entity appointed by the designated regional regulator or regional authority, who is responsible for the exploitation, the maintenance and, if necessary, the development of the Public Distribution Grid in a certain zone and, where applicable, for its interconnectors with other systems and who is responsible of guaranteeing the long-term ability of the Public Distribution Grid to meet reasonable demands for electricity distribution;
Red Zone	A zone that shows a congestion risk as determined by the Elia as referred to in the rules for coordination and congestion management as submitted to the federal regulator (CREG) on 25 October 2019.
Reference Power	Capacity that must be considered in the CRM according to the CRM Candidate, before application of relevant Derating Factors, but after deducting the Opt-Out Volume (if applicable).
Reference Price	As defined in article 2, 81° of the Electricity Act.
Reliability Options	As defined in article 2, 72° of the Electricity Act.
Required Volume	The volume the CMU is supposed to deliver in energy, according to the most recent declared prices defined in section 9.3.
Royal Decree on eligibility criteria related to cumulative	Royal Decree established in accordance with article 7 undecies §4 of the Electricity Act which defines eligibility criteria : 1) the possibility for Capacity Holders, already benefitting from state support, to benefit from cumulative support for the CRM, 2) the

support and minimal participation threshold	minimal threshold, in MW, after application of the Derating Factors, below which Capacity Holders may not participate to the Prequalification Process.
Royal Decree Methodology	Royal Decree for calculation of volume and parameters needed for the auctions of the CRM established in accordance with article 7 undecies, §2 of the Electricity Act.
Secondary Market	The market in which the obligations resulting from the Service are subject to a Transaction between a Seller of Obligation and Buyer of Obligation.
Secondary Market Capacity	The capacity that is subject to a Transaction on the Secondary Market.
Seller of an Obligation	A Capacity Provider that transfers the obligations resulting from the Service under the CRM to a Buyer of an Obligation via a Transaction on the Secondary Market.
Service	The contractual obligations of a Capacity as stipulated in the Capacity Contract.
Service Level Agreement (SLA)	The level of service the Capacity Provider selects for Energy-Constrained CMUs during the Prequalification Process in function of their duration constraints per calendar day and as determined in the Capacity Contract Framework .
SLA Hour	Up to N AMT Hours with the highest Proven Availability for the CMU over one day, where N corresponds to the number of hours in the CMU's SLA, as defined in section 9.4 of the Market Rules.
Stop-Loss	Mechanism that caps the amount that a Capacity Provider has to pay as stipulated in the Capacity Contract.
Strike Price	As defined in article 2, 80° of the Electricity Act.
Total Contracted Capacity	The sum of all Contracted Capacities for a CMU for a certain period.
Transaction	An agreement about the obligations resulting from the Service in the Primary Market or the Secondary Market between a Capacity Provider and the Contractual Counterparty at a Transaction Date, identified by a transaction identification number and for a determined volume covering a Transaction Period
Transaction Date	The date and time a Transaction is made.

Transaction Period	The period defined by a start date/start time and end date/end time, during which the Service is delivered resulting from a Transaction.
Unproven Availability	The situation when a CMU without Daily Schedule is assumed to be available during AMT Hours where the Day-Ahead Market price is below the Declared Market Price, without actual proof of delivery of energy.
Unproven Capacity	A Capacity which, at the start of the Y-4 Prequalification Process, cannot be associated to one or several CMUs and therefore cannot respect Delivery Point prequalification requirements.
Unsheddable Margin	Minimal amount of net active power offtake (in kW/MW) that cannot be curtailed (inflexible or unsheddable power) at the Delivery Point(s) concerned
Winter Period	As defined in article 2, 51° of the Electricity Act.
Working Day	A week day which is not a public holiday or a bank holiday in Belgium.

1.2 Abbreviations Used

AMT	Availability Monitoring Trigger
BRP	Balancing Responsible Party
CDS	Closed Distribution System
CDSO	Closed Distribution System Operator
CEP	Clean Energy Package
CET	Central European Time Zone
CIPU	Contract for the Injection of Production Units
CMU	Capacity Market Unit
CRM	Capacity Remuneration Mechanism
DAM	Day-Ahead Market
DMP	Declared Market Price
DSR	Demand Side Response
DSO	Public Distribution System Operator

DSO Grid	Public Distribution Grid
GCT	Gate Closure Time
GOT	Gate Open Time
IDM	IntraDay Market
NEMO	Nominated Electricity Market Operator
RES	Renewable Energy Sources
SLA	Service Level Agreement
SOGL	Commission Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation.
TSO	Transmission System Operator
Y-1	1 year before the start of the Delivery Period
Y-4	4 years before the start of the Delivery Period

2 Introduction

The Law setting up the CRM, adopted on April 4th 2019[1] (hereafter "CRM Act"), modifying the Electricity Act of 29 April 1999 on the organization of the electricity market (hereafter "Electricity Act") defines, in Art. 7 undecies §8, the content and the framework of the CRM Market Rules to be submitted by Elia, after consultation of the network users, for approval to the CREG.

Market Rules are to be considered in relation to other relevant documents as follows:

- Royal Decrees: Even though Market Rules differ from Royal Decrees by their legal format, both result from the execution of the CRM Law. Whereas Market Rules aim to set out the operational rules of the mechanism, Royal Decrees aim to set out the main methodologies and principles on which to base the working of the mechanism. Therefore Market Rules will be revised every year, which is not necessarily the case for all Royal Decrees. Elements of the below listed Royal Decrees will be taken into account and may be further detailed in the Market Rules:
    - Royal Decree methodology for calculation of volume and parameters needed for the auctions of the CRM in accordance with Art. 7 undecies, §2
    - Royal Decree on eligibility criteria related to cumulative support and minimal participation threshold in accordance with Art. 7undecies, §4, ,°1, °2: This Royal Decree is referred to in the definition list.
    - Royal Decree on eligibility criteria related to Direct and Indirect Cross-Border Participation in accordance with Art. 7 undecies, §4, °3: For this version of the Market Rules, this is not yet taken into account given that at the time of writing the Royal Decree was not yet available. For future reference, the Market Rules will be updated with cross-border aspects in line with the aforementioned Royal Decree. In any case, the direct and indirect cross-border participation is only possible without prejudice to compliance to the relevant legal and regulatory frameworks.
    - Royal Decree on investment thresholds in accordance with Art. 7undecies, §5.
    - Royal Decree control of good functioning of the mechanism in accordance with Art. 7undecies, §9: This is not yet taken into account for this version given that at the timing of writing the Royal Decree was not yet available. For future reference, the Market Rules will be updated in line with the aforementioned Royal Decree.
    - Royal Decree financing of the mechanism and appointing contractual counterparty in accordance with Art. 7quaterdecies, §1
- Ministerial Decree determining minimal volume to be procured and parameters in accordance with Art. 7 undecies, §2: This Ministerial Decree will be decided on the basis of yearly reports that are prepared in line with the assumptions, principles and methodologies set out in the Royal Decrees. Whereas the Ministerial Decree includes concrete numerical values to be able to initiate and manage the Auction, the Market Rules describe the modalities and procedures to be complied with by parties involved to take part in the Prequalification Process, Auction and subsequent Delivery Period. Together with the Market Rules, the Ministerial Decree will be recurrent every year.
- Capacity contracts should be in line with the Market Rules in accordance to Art. 7 undecies, §7.
- Market Rules describe merely the elements of methodologies and principles without their underlying justification. The justification is foreseen in the design notes, consultation reports and the material provided in the context of the Task Force CRM that are all published on the Elia website.

According to Art. 7 undecies §8, the Market Rules shall be established in order to:

1) Foster competition as much as possible in the Auctions;

[1] https://www.dekamer.be/FLWB/PDF/54/3584/54K3584001.pdf

2) Avoid any market abuse ;
3) Ensure the economic efficiency of the CRM in order to guarantee that the Capacity Remunerations provided are adequate and proportionate and that the potential negative effects on the good functioning of the market remain as limited as possible;
4) Respect the technical constraints of the grid and take into account the disposals of the Federal Grid code regarding the submission and the treatment of the connection requests to the transmission system and the conclusion of connection contracts.

Furthermore, Art. 7 undecies §8, specifies that the Market Rules shall cover the following topics:

- The Prequalification modalities & criteria;
- The Auction modalities;
- The Availability Obligations for Capacity Providers and the related Penalties in case of failure to fulfill these Obligations;
- The Financial Guarantees to be provided by the Capacity Providers;
- The organization of the Secondary Market, at the latest 1 year before the 1st Delivery Period;
- The modalities related to the exchange of information and the rules providing transparency on the CRM.

Finally, it is stated in the same Article that Elia shall publish the approved Market Rules, while keeping sensitive commercial information confidential, at the latest by 15th of May of each year. This document will cover the following sections:

- The service time schedule of the CRM (Section 3)
- The rules defining the entry into force of the CRM (Section 4)
- The requirements for participation in the Prequalification Process of the CRM (Section 5)
- The Auction modalities of the mechanism (Section 6)
- The Opt-Out Volume of the CRM (Section 7)
- The pre-delivery monitoring (Section 8)
- The Availability Obligation, Monitoring and Penalties applicable within the CRM (Section 9)
- The principles of the Secondary Market in force in the CRM (Section 10)
- The principles of the Payback Obligation (Section 11)
- The bank guarantee foreseen in the CRM (Section 12)
- The transparency of the CRM as a whole (Section 13)
- The modalities related to the exchange of information within the CRM (Section 14)

Disclaimer: This set of Market Rules is to be considered as a proposal from the TSO, elaborated after public consultation. It has not yet been formally approved by the CREG and is subject to change. The formal validation process is foreseen for 2021 for the Y-4 Auction for Delivery Period starting 1st of November 2025, with a publication by the TSO latest 15th of May 2021 according to the CRM law. All the proposed topics have been extensively discussed with market parties throughout the Task Force CRM and have been formally submitted to public consultation in the form of a series of design notes divided in two batches, from 13th of September to 11th of October 2019 and from 2nd to 30th of October 2019.

As this proposal of Market Rules will be subject to regulatory approval and should clearly state the exact rules, there is no justification of the choices in this document. For the latter, we refer to the (updated) design notes, consultation reports and the material provided in the context of the Task Force CRM which are all available on the Elia website.

3 Service time schedule

3.1 Time rules

All dates and/or time period as specified in the service time schedule are to be considered as Working Days. In the event a date falls on a non-working day, the date to be considered shall be the previous Working Day.

Days as specified in the service time schedule are deemed to cover the time period going from 8. 00 AM to 5.00 PM.

Gate Open Time (GOT) and Gate Closure Time (GCT) moments are respectively defined as 8.00 AM and 5.00 PM according to Brussels' time (CET).

All dates relate to activities with respect to a specific Delivery Period and a specific Auction. A separate service time schedule shall apply for other Auctions for the same Delivery Period and different deadlines shall apply.

There shall always be referred to Y as the Delivery Period in the CRM whereas Y-4 and Y-1 will be the Auction years, respectively taking place 4 and 1 year before the Delivery Period Gate Open Time. It is reminded that the Electricity Act defines that a Delivery Period starts on 1 November of a year and ends on 31 October of the next year.

The Service time schedule is deemed to include all notices/communication period specified in the Capacity Contract including time necessary to obtain approval and the like.

Timing applicable for Auction process	What	Who
By 31/03/Y-4 and Y-1	By Ministerial Decree, the Minister instructs Elia to organize the Auctions for the considered Delivery Periods and the Minister determines the required parameters (incl. Strike price, Reference Price, Demand Curve, Derating Factors, Bid Caps, volume to be reserved for Y-1 Auction).	Minister of Energy
By 15/05/Y-4 and Y-1	Publication of the approved Market Rules on the website of Elia to be published (after consultations of the Grid Users & approval of CREG)	Elia
By 15/05/Y-4 and Y-1	Publication of the approved Capacity Contract Framework on the website of the Contractual Counterparty	Elia/Contractual Counterparty
By 15/06/Y-4 and Y-1	CRM Candidates to have submitted its Prequalification files on Elia's Prequalification Platform & introduce their detailed investment file to CREG if applying for a multi-year Capacity Contract	CRM Candidates
(15/07 - 15/09)/Y-4 and Y-1	Determination of Eligible Volume of each CMU listed in CRM Candidate's prequalification file(s)	Elia
By 15/09/Y-4 and Y-1	Assessment of the Capacity Category applying to Capacity Market Unit	CREG
By 15/09/Y-4 and Y-1	Notification of Eligible Volume for each CMU listed in CRM Candidate's prequalification file(s)	Elia
By 30/09/Y-4 and Y-1	Bids to be submitted by Prequalified CRM Candidates on Auction Platform	Prequalified CRM Candidates

(01/10 - 31/10)/Y-4 and Y-1	Period during which Elia runs the Auctions	Elia
By 31/10/Y-4 and Y-1	Publication of the Auction results and communication of the Auction results to the Minister	Elia
20 days upon awarded capacity Notifications	Signature of the Capacity Contract and bank guarantee becomes effective	Prequalified CRM Candidate and Contractual Counterparty
Between 31/10/Y-1 and 01/11/Y	Definition of the Price AMT for Delivery Period (Y)	Elia

4 Entry into force

After approval by the CREG, these Market Rules apply until the entry into force of a new approved version. If approved, this version in any case regulates the Y-4 Auction that takes place in 2021. Also it provides the further framework for the Capacity Contracts concluded in the context of this tendering procedure.

In accordance with Art. 7 undecies §8 of the Electricity Act, any subsequent amendment of these rules shall first be subject to a proposal from Elia, which shall be submitted to the CREG for approval.

Any amendment of these Market Rules shall not automatically apply to the Capacity Provider in force. Nevertheless, should an impact assessment of Elia, done after public consultation of the market parties and added to its proposal for amending the Market Rules submitted for approval to CREG, indicate that an amendment has no significant negative impact on the Capacity Provider, the amendment will also apply to the Capacity Provider's Capacity Agreement in force as indicated in the decision of the CREG related to this amendment. However, the Capacity Provider can ask the Contractual Counterparty for amendment or termination of its Capacity Agreement in case he assesses the impact differently and can demonstrate the need of amendment or termination to Elia, the Contractual Counterparty and the CREG.

By participating in the Auction after the Capacity Provider was informed about the changes and/or adaptations of the Market Rules and after these changes and/or adaptations of the Market Rules entered into force, it is deemed that the Capacity Provider has accepted the changed, i.e. the valid and effective version of the Market Rules.

Elia shall publish on its website the Market Rules as approved on a yearly basis by CREG. It is the Capacity Holder's responsibility to ensure its compliance with the latest version of the Market Rules.

5 Requirements for participation in Prequalification Process

5.1 Conditions to participation in Prequalification Processes

Prior to the possible participation to an Auction or to the Secondary Market, a Capacity Holder shall successfully go through the standard Prequalification Process or the specific Prequalification Process and prequalify at least one Capacity Market Unit (standard Prequalification Process) or virtual Capacity Market Unit (specific Prequalification Process).

A Capacity Holder becomes a CRM Candidate from the moment he endorses the Capacity Contract Framework, after Elia approval of the CRM application form submitted via the Prequalification Platform. In consequence, he receives a unique ID number and is allowed to introduce its prequalification file via the Prequalification Platform.

For 2021, Elia will open access to the Prequalification Platform at latest on deadline of issuance of these Market Rules (as per CRM Act no later than 15th of May 2021). From the moment the Prequalification Platform is accessible, the Prequalification Process is continuously open to Capacity Holders, CRM Candidates, Prequalified CRM Candidates and Capacity Providers.

All actions undertaken to become a Prequalified CRM Candidate and any subsequent participation to the Auction and later on to the Delivery Period, including Transactions on the Secondary Market, but exclusive of the Capacity Remuneration, shall be at CRM Candidate's own cost, expense and risk.

5.2 Prequalification Processes

Depending on the status of its Capacity (i.e. Existing, Additional or Unproven), a CRM Candidate shall respect the standard Prequalification Process or the specific Prequalification Process.

Independent of the Capacity status, CRM candidates shall also respect the requirements related to the bank guarantee as detailed in section 12.

A Capacity is considered as "Existing" from the moment it respects each prequalification requirement listed in section 5.2.1.2 below. As a consequence, its Nominal Reference Power can be calculated by Elia at the moment of prequalification file submission and following one of the three possible methodologies.

On the contrary, a Capacity is considered as "Additional" if the related Nominal Reference Power cannot be calculated (based on 15-minutes measurements provided by a meter device compliant with the requirements set in the Capacity Contract Framework) at the moment of prequalification file submission but corresponds to a declaration from the CRM Candidate.

From the moment one Delivery Point obtains the status of Additional Capacity, the entire Capacity Market Unit it is part of (and corresponding Eligible Volume) shall be considered as Additional Capacity.

Both Existing and Additional Capacities are identified at Delivery Point level and a CRM Candidate can provide the required technical information listed in section 5.2.1.3 below at the moment of the Prequalification Process.

In case a Capacity cannot be associated to a Delivery Point at the moment of the Prequalification Process, it is considered by Elia as Unproven Capacity and is subject to the specific Prequalification Process detailed in section 5.2.2.

5.2.1 Standard Prequalification Process (Existing or Additional Capacities)

The standard Prequalification Process determines whether or not the Capacity Market Unit(s) and their related Delivery Point(s) detailed in its prequalification file satisfied respective standard prequalification requirements and are therefore authorized to participate in the Auction and/or in the Secondary Market.

The standard Prequalification Process shall determine the parameters for each Capacity proposed in the CRM Candidate prequalification file, including but not limited to:

- its current status (Existing or Additional Capacity Market Unit)
- its Nominal Reference Power (maximal Capacity)
- its Reference Power (considering the Opt-Out Notification, if any)
- its Eligible Volume (considering Derating factors)
- the related project execution plan (respecting identified milestones and key milestones as detailed in the Capacity Contract Framework), if the Capacity obtains the status of Additional Capacity
- the required interactions, if any, with following third parties: Distribution System Operators, Closed Distribution System Operators; Gas Infrastructure Operator; CREG; FPS Economy.

5.2.1.1 Capacity Market Unit status

Two sorts of Capacities can participate to this standard Prequalification Process: Existing Capacities and Additional Capacities.

Without prejudice of the Royal Decree implementing Article 7undecies §4 of the Electricity Act, any Capacity Market Unit with the status of Additional Capacity shall demonstrate its compliance with the prequalification requirements listed in section 5.2.1.2 below prior to the start of Delivery Period. The penalties detailed in section 8.2.2 apply in case of non-compliance with one or more prequalification requirement(s) prior to the start date of the Delivery Period it has been contracted for.

5.2.1.2 Prequalification requirements

Unless explicitly mentioned otherwise, the prequalification file requirements listed below are applicable to both Existing and Additional Capacities and covers TSO-connected Delivery Points, CDS connected Delivery Points and DSO connected Delivery Points.

A prequalification file consists of at least one Capacity Market Unit.

5.2.1.3 Prequalification requirements – on Delivery Point level

1) Any Delivery Point (inc. Direct Cross-Border Participation) composing a Capacity Market Unit shall comply and remain compliant with the relevant legal and regulatory framework;

2) Any Delivery Point composing a Capacity Market Unit shall comply with the Eligibility Criteria set by the Royal Decree on eligibility criteria related to cumulative support and minimal participation threshold.;

3) Any Delivery Point shall respect the metering requirements set by Elia in the Capacity Contract Framework;

   For Existing Capacities, the compliance with metering requirements shall be verified as part of the Prequalification Process while for Additional Capacities, the verification shall only happen prior to the start of Delivery Period.

4) Any Capacity must be covered by a valid Grid User Declaration as provided in the Capacity Contract Framework;

5) To be valid, any Delivery Point must respect the combinability rules as provided in the Capacity Contract Framework;

6) For DSO Delivery Point(s) and in accordance with the applicable regional regulation, the CRM Candidate may have to sign the DSO-CRM Candidate agreement using the template edited and validated via Synergrid;

7) For CDS Delivery Points, the CRM Candidate must obtain the CDS Operator agreement using the template provided in the Capacity Contract Framework. This template also formalizes the needed data exchange related to each process described in this document with the CDS Operator;

8) For each Delivery Point, the CRM Candidate shall provide to Elia the following list of information, including but not limited to:

   a. the expected Capacity Contract Duration;
   b. the technology of the related Capacity;

c. the CO_2 emission of the related Capacity;
d. the Unsheddable Margin (if relevant);
e. the full technical injection capacity (if relevant)
f. the full technical offtake capacity (if relevant)
g. for Existing Capacity only, the preferred methodology (among the 3 possible options) to be used by Elia or the relevant DSO to determine the Nominal Reference Power as detailed in section 5.2.1.7;
h. for Existing Capacity only and in case the CRM Candidate selects the 2nd methodology to calculate the Nominal Reference Power, the references of related balancing results (prequalification test, activation, availability control…);
i. for Existing Capacity only, the EAN code of the Delivery Point (if already known to the CRM Candidate);
j. a single line diagram with specific identification of the exact location of the Capacity being prequalified for the Service;
k. the identification of other Delivery Point(s) located on the same geographical site and already introduced in a prequalification file (or the EAN code of the Delivery Point if it has already been prequalified by Elia).

5.2.1.4 Prequalification requirements – on Capacity Market Unit level

1) A Capacity Market Unit cannot consist of more than one Delivery Point if the related Capacity is subject to the obligation to a Daily Schedule;

2) The related Capacity cannot be lower than the threshold set by the Royal Decree on eligibility criteria related to cumulative support and minimal participation threshold;

3) For each Capacity Market Unit, the CRM Candidate shall identify the Service Level Agreement corresponding to the Capacity Market Unit energy constraint (if any) or the Derating Factor applicable in function of the technology of the Capacity(ies) included in the CMU;

4) For each Capacity Market Unit consisting of Delivery Point(s) not subject to the obligation to submit a Daily Schedule (also known to market parties as individual MW schedule), the CRM Candidate shall indicate one Declared Market Price;

   If applicable (not an obligation set by Elia), the CRM Candidate can also indicate partial Day-ahead, Intraday or Balancing Prices to Elia. These information will be used during the Availability Monitoring Process as described in section 9.3;

   As these value(s) can be updated by the Prequalified CRM Candidate or Capacity Provider in time, Elia will always consider the latest information received and confirmed by Elia as the one(s) of reference;

5) For each Capacity Market Unit, the CRM Candidate indicates the NEMO in which the Reference Price is observed in the Day-Ahead Market prices.

5.2.1.5 Specific requirements for Additional Capacities

In addition to those listed above, a Capacity Market Unit labelled as Additional Capacity shall respect the following additional requirements:

1) Provide, per Capacity Market Unit, a detailed project execution plan respecting the format and the list of milestones and key milestones as determined in the Capacity Contract Framework.

Such project execution plan shall clearly identify and list the possible influence (if any) of infrastructure projects (as defined in section 8.2.3) on each Capacity Market Unit.

2) If relevant and only related to a possible participation in an Auction, a positive technical agreement as foreseen in the connection process detailed in the Federal Grid Code must be signed with Elia prior to and no later than the prequalification result notification.

   Furthermore, such agreement shall remain valid at least until the notification of the Auction results as per service time schedule.

3) If relevant, as attestation of the feasibility of the connection before the start of the Delivery Period, the CRM Candidate delivers a signed conditional offer to connect to the gas network infrastructure.

4) If relevant and as required in the CRM Law in art. 6 introducing the art. 7 undecies §4 in the Electricity Act, the CRM Candidate delivers a valid production permit or provides in its prequalification file the information required for its attribution as listed in the Capacity Contract Framework.

   Specifically related to this requirement, Elia shall share the information received with the FPS Economy, and the FPS Economy shall assess whether the information provided is deemed sufficient or justify the rejection of the related Delivery Point. Such evaluation shall be performed within 20 Working Days starting from the moment of prequalification file submission to Elia on the Prequalification Platform.

   In absence of evaluation from FPS Economy within the determined timing, the related Delivery Point(s) is (are) considered compliant with this specific requirement. This absence of evaluation does not provide any further rights on the effective delivery of such production permit.

5.2.1.6 Prequalification file submission

The CRM Candidate shall submit a prequalification file in accordance with the following requirements:

- it shall comply with prequalification requirements;
- it shall be made by the CRM Candidate himself;
- if the CRM Candidate intends to participate to the forthcoming Auction, it shall be submitted electronically through the Prequalification Platform and as per service time schedule.

Each Delivery Point and Capacity Market Unit part of the CRM Candidate prequalification file will be identified with a unique ID by Elia. This ID will be notified to the CRM Candidate via the Prequalification Platform and is to be used in any upcoming process and communication with Elia, CREG and FPS Economy.

For a prequalification file not approved by Elia, the latter will notify the CRM Candidate of its decision along with the reason of this rejection. A rejection during the Prequalification Process does not entail the CRM Candidate to start again such process for later Auctions or for participation in the Secondary Market.

5.2.1.7 Nominal Reference Power determination for Existing Capacities

For each Delivery Point identified in the CRM Candidate prequalification file as Existing Capacity, Elia (or the concerned DSO for DSO connected Delivery Points) shall determine the Nominal Reference Power following the methodology chosen by the CRM Candidate among the following 3 possibilities:

- use of historical data;
- use of historical Balancing results;
- new prequalification tests.

5.2.1.8 First methodology - use of historical data

To determine the Nominal Reference Power using available historical data, Elia (or the concerned DSO for DSO connected Delivery Points) uses the 15-minutes measurements over the last 12 months (from the prequalification file submission date). Planned and unplanned outages periods are excluded from that period if communicated by the CRM Candidate to Elia at moment of Prequalification Process.

From this 12 months data set, a period of 36 hours in rolling window is considered; each one starting from 12:00 until the following day 23:45 (included).

On each of these periods, the highest power variation is determined. For injection, it consists in the difference between the highest and the lowest 15-minutes measurement while for consumption, it corresponds to the difference between the highest 15-minutes measurement and the Unsheddable Margin communicated in the prequalification file.

The highest power variation calculated over the 12 months period of time is then taken by Elia (or the concerned DSO for DSO connected Delivery Points) to determine the Nominal Reference Power of the Delivery Point.

5.2.1.9 Second methodology - use of historical balancing results

Historical results (up to 12 months from the moment of prequalification file submission) from balancing services may be used to determine a Delivery Point Nominal Reference Power, provided that the Delivery Point(s) concerned is (are) identical (incl. the metering requirements).

The following possibilities are offered to the CRM Candidate:

- prequalification test;
- balancing activation;
- Availability Tests.

Based on the information given by the CRM Candidate in its prequalification file, Elia takes the identified historical balancing results as reference to determine the Delivery Point Nominal Reference Power.

With this methodology, Nominal Reference Power of DSO-connected Delivery Points shall also be calculated by Elia (in coordination with the concerned DSO) as the concerned DSO may not have the required information to perform this calculation on its own.

5.2.1.10 Third methodology - new prequalification test

A third possible methodology to determine the Nominal Reference Power is the organization of a new prequalification test. At least 5 Working Days prior to the effective test realization, the CRM Candidate communicates to Elia or to the concerned DSO the following information:

- The list of Delivery Point(s) being tested;
- The Nominal Reference Power target (in MW);
- The test profile; including an identification of the quarter hour(s) which shall be used by Elia to calculate the Nominal Reference Power.

A maximum of 36 hours is accepted to determine the power variation.

Any costs related to the organization of such test are at the CRM Candidate's charge.

For injection, the Nominal Reference Power equals the difference between the highest and the lowest 15 minutes measurements over the test duration while for consumption, the Nominal Reference Power corresponds to the difference between the highest 15-minutes measurement and the Unsheddable Margin communicated by the CRM Candidate in the prequalification file.

5.2.1.11 Provisional Nominal Reference Power notification

The Nominal Reference Power resulting from the application of one of these three methodologies is then notified to the CRM Candidate by Elia or the concerned DSO. It is considered accepted if no contestation (following the procedure described below) is issued by the CRM Candidate within 5 Working Days after the Nominal Reference Power notification.

5.2.1.12 Contestation of provisional Nominal Reference Power calculation

If the CRM Candidate does not agree with the Nominal Reference Power proposed by Elia or the concerned DSO, he shall notify them (Elia or the concerned DSO) electronically. This implies that the CRM Candidate shall organize, within 5 Working Days from the Nominal Reference Power notification, a new prequalification test at its own cost.

The prequalification test modalities are identical to the one described in section 5.2.1.10 above. The corresponding Nominal Reference Power – if higher than the initial one – will be considered as reference and Elia will adapt the prequalification file accordingly.

5.2.1.13 Nominal Reference Power determination for Additional Capacities

Per definition, it is not possible to calculate a Nominal Reference Power for an Additional Capacity at the moment of prequalification file submission via one of the three possible methodologies. In consequence, the CRM Candidate declares to Elia the Nominal Reference Power which should be considered to determine the Eligible Volume as described in section 5.2.1.16 below.

Elia can verify later on, and prior to the start of the Delivery Period for which the related Additional Capacity has been contracted, the CRM Candidate Nominal Reference Power declaration. In case of significant deviation between the value calculated by Elia and the one initially declared by the CRM Candidate, the penalty regime described in section 8.1.2 applies.

5.2.1.14 Prequalification result notification to CREG

As foreseen in the CRM Law, Elia notifies the CREG with each Nominal Reference Power calculated (on Delivery Point level) and confirmed by the CRM Candidate within 10 Working Days, provided that the related Delivery Point(s) is (are) identified by the CRM Candidate as possibly subject to a multiannual contract.

In parallel, the CREG informs Elia within 10 Working Days - from the moment of the maximal contract duration notification of CREG to the CRM Candidate - about the maximal contract duration applicable to each Delivery Point(s) for which the CRM Candidate introduced an investment file to request a contract duration longer than 1 year.

5.2.1.15 Reference Power determination depending, if any, on an Opt-Out Volume

A CRM Candidate has the possibility to reduce a Nominal Reference Power with an Opt-Out Volume notified to Elia in compliance with the requirements detailed in section 6. Such notification shall happen within 5 Working Days from the moment of notification of final Nominal Reference Power (after possible use of contestation procedure detailed above). The Nominal Reference Power deduced with this Opt-Out Volume corresponds to the Reference Power.

5.2.1.16 Eligible Volume determination

Elia determines the Eligible Volume of each CMU presented in the prequalification file. It corresponds to the sum of the Reference Power of each Delivery Point(s) composing the CMU multiplied by the Derating Factor of that CMU as identified by the CRM Candidate in its prequalification file.

The Eligible Volume corresponds to the maximal volume a Prequalified CRM Candidate is authorized to offer in the Auction for the related CMU and is calculated with a granularity of 0,1 MW.

5.2.2 Specific Prequalification Process – Unproven Capacity

5.2.2.1 General provisions

A CRM Candidate willing to prequalify an Unproven Capacity cannot – at the moment of the Y-4 Prequalification Process – identify the Delivery Points from which the power will be delivered. Therefore, the determination of the Eligible Volume following the methodology detailed in section 5.2.1.16 above is impossible for Elia.

The specific Prequalification Process purpose is to determine the Eligible Volume of an Unproven Capacity and fixes the prequalification requirements this capacity category has to respect.

5.2.2.2 Specific Prequalification Process requirements

A CRM Candidate willing to prequalify Unproven Capacity shall introduce a prequalification file via the Prequalification Platform and declare its Eligible Volume to Elia. An Unproven Capacity shall only be offered in Y-4 Auction (as per service time schedule) and shall only be eligible to a standard one-year Capacity Contract Duration.

Unproven Capacities are therefore excluded from Secondary Market, from Y-1 Auction and from multiannual Capacity Contracts. This exclusion ends with a successful standard Prequalification Process and the acquisition of the status of "Existing Capacity".

The declared Eligible Volume is associated by Elia to a virtual Capacity Market Unit and is considered 100 % available. This prequalified Eligible Volume cannot exceed the global cap set on this capacity category and used as such in the auction algorithm, which corresponds to 400 MW.

Furthermore, the declared Eligible Volume shall be supported by a project execution plan respecting the format and the list of milestones and key milestones as determined in the Capacity Contract Framework.

Unproven Capacities are not subject to the grid constraints set in section 7.4.5 below as the Delivery Points and related capacities are not identified at the time of Y-4 Auction.

The standard Prequalification Process detailed in section 5.2.1 above is to be partially finalized (75 %) for the related Contracted Capacity (if any) no later than the determination of the Y-1 volume to

be procured in Y-1 auction for the same Delivery Period. Furthermore, it is to be fully finalized (100 % of the related Contracted Capacity) prior to the Y-1 Auction for the same Delivery Period.

To guarantee a level playing field with other Contracted Capacities in Y-4 Auction, Elia will use the Derating Factors known at the moment of the Y-4 Auction as input parameter for the standard Prequalification Process of Unproven Capacities (as the standard prequalification process related to those capacities can be organized up to 24 month after the Y-4 auction).

A Delivery Point already prequalified cannot be transferred to a virtual Capacity Market Unit to comply with the obligation to partially prequalify the related Contracted Capacity prior to the Y-1 volume determination for the Y-1 Auction of the same Delivery Period.

The Capacity Provider shall consider the time needed to successfully prequalify its Delivery Point according to the standard Prequalification Process (Inc. possible need for positive technical agreement with Elia if concerned Delivery Point is subject to the connection process detailed in the Federal Grid Code) and cannot held Elia responsible in case a "last minute" prequalification file cannot be finalized prior to the targets (75 % and 100 %) set above.

Elia specifically monitors the evolution of Unproven Capacities standard Prequalification Process and applies related penalties as detailed in section 8.3.2 below in case of non-compliance.

5.2.3 Prequalification results notification

Within 40 Working Days after the prequalification file submission but not later than 15th of September for a participation to the forthcoming Auction, the results of the Prequalification Processes are notified by Elia to the CRM Candidate via the Prequalification Platform.

The result notification shall at least include the following information, including but not limited to:

- In case of partially or totally rejected prequalification file, the prequalification requirement(s) which have not been respected by the CRM Candidate along with a justification;
- The Nominal Reference Power calculated by Elia on each Delivery Point included in the CRM Candidate prequalification file;
- The Eligible Volume of each Capacity Market Unit included in the CRM Candidate prequalification file;
- The maximal Capacity Contract Duration of each Capacity Market Unit, which corresponds to the lowest maximal Capacity Contract Duration of the Delivery Point(s) that compose(s) this Capacity Market Unit;

From the moment at least one Capacity Market Unit is successfully prequalified, the CRM Candidate becomes a Prequalified CRM Candidate. The prequalified Eligible Volume remains valid as long as one of the conditions detailed in section 5.2.5 is not fulfilled.

5.2.4 Access to the Platforms, tools and related operational processes

5.2.4.1 In support to the Prequalification Process

A Prequalification Platform is set by Elia to facilitate the CRM Prequalification Process. In this way, Elia commits to create a CRM Candidate unique user account at the latest 10 Working Days after the reception of the completed CRM application form.

5.2.4.2 In support to the Auction process

From the moment a Capacity Holder becomes a CRM Candidate as detailed in section 5.1, he is granted access to the test version of the Auction Platform. Prior to becoming a Prequalified CRM Candidate, the CRM Candidate shall demonstrate its ability to submit a fictive bid which respects the bidding requirements detailed in section 7.3 on the test version of the Auction Platform.

Consecutive to this fictive bid submission, provided it has been successful and once at least one Capacity Market Unit has been successfully prequalified, the Prequalified CRM Candidate may introduce its Bid(s) until Gate Closure Time as per Service Time Schedule.

Elia cannot be held responsible in case of impossibility for a Prequalified CRM Candidate to submit a valid Bid in the Auction Platform prior to the Gate Closure Time as per Service Time Schedule. At all times, the CRM Candidate is responsible for the correctness of all elements of its Bid(s).

5.2.4.3 Prior to the start of a Delivery Period

Prior to the start of a Delivery Period, the Capacity Provider shall ensure it complies with all IT requirements (including security) pursuant to IT specifications as shared by Elia with market parties sufficiently before the start of the Delivery Period (example but not limited to: modalities to trigger an Availability Test).

Any structural or technical change substantially impacting the Capacity Provider shall be communicated prior to the effective change. It is of the Capacity Provider's responsibility to ensure compliance with the new requirements at its own cost, expense and risk.

In case of technical issues (functional interfaces, upgrading of system…) not allowing the Capacity Provider to timely provide, through related platform and/or tools, the required data, Elia cannot be held responsible.

Nevertheless, Elia is to ensure that the scheduled testing or IT maintenance shutdown will, where practicable, be planned in a manner which minimizes the influence on the CRM processes.

5.2.4.4 Communication failure(s)

In the case of events affecting the progress of some periods determined by a Gate Opening Time and a Gate Closure Time (e.g a communication channel failure or a platform outage), Elia could be entitled to modify the service time schedule provided the modification is reasonable and seek to minimize the disruption of normal operations and the impact on Parties.
These kind of events, likely affecting the progress of the Service, are expected to be managed with fall back procedures to be established in the Capacity Contract Framework.

5.2.5 Evolution of an Eligible Volume in time

Elia identifies additional processes that could influence (downward) a prequalified Eligible Volume in time: the yearly update of Derating Factors, the results of pre-delivery and delivery monitoring processes or an adaptation of already submitted information by the CRM Candidate.

Their influence on the CMU Eligible Volume is detailed in the sections below.

An increase of already prequalified Eligible Volume is only possible upon the Prequalified CRM Candidate or Capacity Provider request and is subject to the requirements of the standard Prequalification Process listed in section 5.2.1 above. However, such increase shall not lead to an additional remuneration unless awarded after an Auction or through a Transaction on the Secondary Market.

5.2.5.1 Evolution of submitted information in time

A CRM Candidate shall ensure that all information provided on the Prequalification Platform (but also during all the CRM Service) and related to its Prequalification file is and remains accurate and complete. Any change(s) related to such information shall be promptly notified to Elia. Same is required all along the CRM Service.

In case some information or data is subject to change, a CRM Candidate is responsible to inform Elia, through the Prequalification Platform, at least 20 Working Days prior to the change comes into effect

Elia shall confirm the registration of the change(s) and its possible consequences (e.g.: adaptation of Eligible Volume consecutive to the removal of one Delivery Point from a Capacity Market Unit) within 20 Working Days after the reception of the relevant notification of change. From that moment on, the change becomes valid for any future Transactions.

In case additional information or modification of existing information is required from a CRM Candidate, Prequalified CRM Candidate or a Capacity Provider as a consequence of amendment to this CRM Market Rules in line with section 4 of this document, it shall be submitted within 20 Working Days to Elia via the Prequalification Platform, starting from the date of publication of amended Market Rules.

If the needed changes have not been submitted within these 20 Working Days, the concerned Capacity Market Unit(s) is (are) temporarily suspended and will no longer be able to be part of any coming Transaction.

Elia is not liable, in any way, for the accuracy or relevance of the data or any kind of information provided by the CRM Candidate, the Prequalified CRM Candidate or the Capacity Provider.

5.2.5.2 Impact of yearly updated Derating Factors on a CMU Eligible Volume

The Derating Factors are subject to a yearly update process. In this way, consecutive to the publication of updated Derating Factors, Elia shall automatically adapt the Eligible Volume of already prequalified CMUs and notify the results to concerned Prequalified CRM Candidate and/or Capacity Providers via its Prequalification Platform.

The updated Eligible Volumes are considered by Elia as the new reference from that moment and will be applied to any future Transaction approved by Elia after the updated Eligible Volume notification date.

5.2.5.3 Result from pre-delivery and delivery monitoring processes

The application of the pre-delivery monitoring processes described in section 8 below and/or the Availability Monitoring Processes described in section 9 may lead to the determination of a missing volume. Elia may use these results to update (downward) the Reference Power of the concerned Capacity Market Unit(s).

In consequence, the Eligible Volume is automatically adapted and becomes the reference to be applied to any future Transaction from the moment of notification of this updated eligible result to the prequalified CRM Candidate or to the Capacity Provider.

5.3 Fast track Prequalification Process

This alternative offers to the Capacity Holder who does not intend to bid any of its Capacity (or is not authorized to do so as per eligibility criteria set by the Royal Decree implementing Article 7undecies § 4 of the Electricity Act, the possibility to fulfill its registration obligation by opting-out for its whole capacity at once. This alternative is called "per default" Opt-Out and is further detailed in section 6.1 below.

Such Capacity Holder is not allowed to participate with its Capacity neither to the Primary nor to Secondary Markets.

The fast-track Prequalification Process consists in the following steps:

1) Capacity Holder identification on the Prequalification Platform (the standard prequalification requirement to fill in a CRM application form is not applicable here);
2) Capacity identification via its unique ID number (EAN code or equivalent);
3) Declaration of corresponding volume in MW (no Nominal Reference Power is calculated in the Fast-Track Prequalification Process);
4) Determination by Elia of the fast-track volume corresponding to this Capacity after application of the appropriate Derating Factors;
5) Result notification to the Capacity Holder and/or to the entity responsible for the follow up of the legal obligation to prequalify for production unit above the minimal threshold set in the Royal Decree implementing Art. 7undecies, § 4 of the Electricity Act.

Elia will consider this fast track Volume as "per default Opt-out".

In such situation, only individual CMU are allowed to be part of such process. There shall be no possibility for aggregated CMU to participate to the CRM via the fast track process. Furthermore, Capacity Holders shall finalize the fast-track process at latest on 1st of September so the information provided can be considered by ELIA in the forthcoming Auction.

Finally, processing such fast track does not entail the Capacity Holder to participate, at a later stage, to the standard Prequalification Process.

6 Opt-out

6.1 Opt-Out notification

A CRM Candidate that goes through the fast track Prequalification Process is automatically considered as submitting an Opt-Out Notification for the total amount of its Nominal Reference Power and shall comply with all below requirements regarding such Opt-Out Notification by 1st of September at the latest. All other CRM Candidates submitting an Opt-Out Notification shall do so as part of the Prequalification Process as specified in section 5.2.1, within 5 Working Days from the moment of notification of final Nominal Reference Power (after possible use of contestation procedure detailed above).

Each CRM Candidate submitting an Opt-Out Notification shall indicate to Elia whether the Opt-Out Volume is associated with a definitive or temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act.

Each CRM Candidate submitting an Opt-Out Notification towards a Y-1 Auction for Opt-Out Volume that is not associated with a definitive or temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, shall indicate to Elia whether in his view the Opt-Out Volume will be contributing to adequacy (category "IN") or not (category "OUT") during the Delivery Period.

When indicating that the Opt-Out Volume will not be contributing to adequacy (category "OUT") during the Delivery Period, the CRM Candidate shall provide a signed motivation letter to Elia to support this claim and indicate the reason(s) why the Opt-Out Volume will not contribute to adequacy. While Elia does not validate nor reject any such motivation, Elia shall inform CREG and any other relevant authority on the received motivation letter and may use the motivation letters for the purpose of reporting and transparency.

6.2 Treatment of Opt-Out Volume

6.2.1 Definitive notification for closure or structural capacity reduction

The CRM Required Volume for a Y-4 Auction shall not be reduced by the Opt-Out Volume that is associated with a definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act.

The CRM Required Volume for a Y-1 Auction shall not be reduced by the Opt-Out Volume that is associated with a definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act.

The Opt-Out Volume that is associated with a definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, is allowed to participate in the Secondary Market for the Delivery Period to which the Opt-Out Notification relates, but only until the definitive closure or structural reduction of capacity date as included in the notification as referred to in Art. 4bis of the Electricity Act.

6.2.2 Temporary notification for closure or structural capacity reduction

The CRM Required Volume for a Y-4 Auction shall be reduced by a share of the Opt-Out Volume that is associated with a temporary notification for closure or a structural reduction of capacity as referred

to in Art. 4bis of the Electricity Act, equal to the Opt-Out Volume multiplied by the Last Published Derating Factor.

The CRM Required Volume for a Y-1 Auction shall not be reduced by the Opt-Out Volume that is associated with a temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act.

The Opt-Out Volume that is associated with a temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act and limited to the share of Opt-Out Volume that has not resulted in a reduction of the CRM Required Volume, is allowed to participate in the Secondary Market for the Delivery Period to which the Opt-Out Notification relates, until the temporary closure or structural capacity reduction date as included in the notification.

6.2.3 No notification for closure or structural capacity reduction

The CRM Required Volume for a Y-4 Auction shall be reduced by a share of the Opt-Out Volume that is not associated with a temporary or definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, equal to the Opt-Out Volume multiplied by the Last Published Derating Factor.

The CRM Required Volume for a Y-1 Auction shall be reduced by a share of the Opt-Out Volume (category 'IN') that is not associated with a temporary or definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, equal to the Opt-Out Volume multiplied by the Last Published Derating Factor.

The CRM Required Volume for a Y-1 Auction shall not be reduced by Opt-Out Volume (category 'OUT') that is not associated with a temporary or definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act.

Opt-Out Volume that is not associated with a temporary or definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act and limited to the share of Opt-Out Volume that has not resulted in a reduction of the CRM Required Volume, is allowed to participate in the Secondary Market for the Delivery Period to which the Opt-Out Notification relates.

7 Auction modalities

7.1 Role of Elia

Elia shall operate and administer Auctions in accordance with this chapter including:

- Providing an Auction Platform for the processing and submission of Bids into the Auction;
- Determining and publishing Auction results

7.2 Auction participation

Only Prequalified CRM Candidates are allowed to participate in the Auction. Participants in the Auction shall respect the Service time schedule and acknowledge the rules related to bidding in the Auction and Auction clearing set out in this chapter in respectively sections 7.3 and 7.4.

Prequalified CRM Candidates shall offer into the Auction the Eligible Volume for each CMU as determined during the Prequalification Process by submitting appropriate Bids in accordance with section 7.3, such that the maximum selectable capacity for each CMU is equal to the Eligible Volume.

7.3 Bidding in the Auction

7.3.1 Bid submission

As specified in section 5.2.4.2, Elia shall give Prequalified CRM Candidates access to the Auction Platform to allow them to submit Bids related to their prequalified CMUs.

Elia shall allow Prequalified CRM Candidates to submit Bids from the Bid submission Gate Opening Time until the Bid submission Gate Closure Time as indicated in the Service time schedule.

A Prequalified CRM Candidate is responsible for ensuring that each Bid complies with the requirements as defined in the Market Rules and that the information contained in it is correct and complete. An automatic confirmation will be provided to the Prequalified CRM Candidate in case of a successfully submitted Bid in the Auction Platform.

Elia has no obligation to follow up on any Prequalified CRM Candidate that has not submitted a valid Bid and shall have no liability in respect of any Bid they have not received or that contains information that is incorrect or incomplete or does not reflect the Prequalified CRM Candidate's intentions.

7.3.2 Bid requirements

Each Bid into the Auction shall relate to a single CMU and comply with the following requirements:

- Each Bid shall be indivisible, meaning that it can only be selected in its entirety or not at all;
- Each Bid shall include:
    - one single volume (expressed in MW with a precision of 0,1MW),
    - one single price (referred to as Bid Price, expressed in €/MW/year with a precision of 0,01€/MW/year) and
    - one single Capacity Contract Duration (expressed in number of years with a precision of 1 year) component;
- The volume of each Bid shall not be higher than the Eligible Volume of the corresponding CMU as determined during the Prequalification Process;
- The volume of each Bid shall not be lower than the minimum threshold as defined in the Royal Decree meant in Art. 7undecies §4 of the Electricity Act;

- The Bid Price of each Bid shall not be higher than the Global Auction Price Cap defined in accordance with the rules set out in the Royal Decree meant in Art. 7undecies §2 of the Electricity Act;
- The Bid Price of each Bid related to a CMU that is assigned to the 1-year Capacity Category, shall not be higher than the Intermediate Price Cap defined in accordance with the rules set out in the Royal Decree meant in Art. 7undecies §2 of the Electricity Act
- The Capacity Contract Duration of each Bid related to a CMU shall not be higher than the Capacity Category to which this CMU is assigned, the Capacity Category being defined in accordance with the rules set out in the Royal Decree meant in Art. 7undecies §5 of the Electricity Act.

For each prequalified CMU, the Eligible Volume as determined during the Prequalification Process, shall be offered into the Auction, which is a precondition for being able to submit Bids related to this CMU, into the Auction Platform. The Prequalified CRM Candidate shall therefore introduce one or more Bids such that the cumulative quantity offered for this CMU is equal to the Eligible Volume as determined during the Prequalification Process. The cumulative quantity offered is to be interpreted as the maximum capacity volume the auction algorithm can select considering all Bids related to this CMU and whether or not these Bids are mutually exclusive, but regardless of the Bid price or any potentially relevant grid constraints that may prevent the selection of the Bids.[2]

ELIA may apply limitations on the number of Bids and/or on the possible combinations of Bids into sets of linked Bids and/or set of mutually exclusive Bids, driven by auction algorithm complexity considerations. If confirmed, such limitations will be published along with the IT specifications related to the Auction Platform.

7.3.3 Linked Bids

Bids that are related to CMUs that are established on the same geographical site, between which there is a link of necessity and technical dependence and which, because of their installed capacity, do not have the possibility of being aggregated in the same CMU, may be linked, thereby forming a set of linked Bids.

For CMUs identified as Additional Capacity, related Bids and/or set of linked Bids submitted on the Auction Platform shall be consistent with the volume and technical configuration agreed upon in the signed technical agreement delivered by the CRM Candidate as part of its prequalification file.

7.3.4 Mutually exclusive Bids

Prequalified CRM Candidates may submit one or more sets of mutually exclusive Bids. From each set of mutually exclusive Bids, maximally one Bid shall be selected by the auction algorithm. A set of linked Bids may be included in a set of mutually exclusive Bids. In this case, the set of linked Bids is considered as one Bid in the set of mutually exclusive Bids, meaning that all or none of the Bids included in such set of linked Bids shall be selected.

7.4 Auction clearing

7.4.1 Auction clearing process

[2] For clarification purposes only, assume a CMU with Eligible Volume of 100MW: (the numbers used are fictive and should not be interpreted as representing a concrete case)
- Bid 1 = 100MW; Bid 2 = 90MW; Bid 1 & 2 mutually exclusive → Ok
- Bid 1 = 40MW; Bid 2 = 60MW → Ok
- Bid 1 = 40MW; Bid 2 = 60MW; Bid 1 & 2 mutually exclusive → Not ok
- Bid 1 = 90MW → Not OK

Bids are considered final upon Bid submission Gate Closure Time, which in line with the Service Time Schedule, is by 30th September Y-4 or Y-1 end-of-day. After the Bid submission Gate Closure Time, a Prequalified CRM Candidate cannot update nor withdraw a Bid. The submitted bid remains firm until the Auction results are published, in line with the timings indicated in the Service time schedule.

Elia shall clear the Auction taking into account the Auction inputs as described in section 7.4.2, respecting the Auction pricing rule described in section 7.4.3 and according the Auction clearing methodology as described in section 7.4.4, by 31 October end-of-day.

An external auditor shall be appointed to observe and confirm Elia's neutrality in determining the Auction results. Ultimately however, CREG shall be responsible to validate the Auction result.

7.4.2 Auction inputs

When conducting an Auction, Elia shall use i.a. the following information:

- The Demand Curve, determined by means of Ministerial Decree implementing Art. 7undecies, §2 of the Electricity Act ;
- The Opt-Out Volumes as determined during the Prequalification Process and treated according to the rules described in Chapter 6 ;
- The information submitted by the CRM Candidate in its prequalification file;
- The Bids of all Prequalified CRM Candidates for CMUs;
- The grid constraints determined according to the rules described in section 7.4.5.

7.4.3 Auction pricing rule

7.4.3.1 Current Auction pricing rule

Capacity Providers shall, for each Bid that is selected in accordance with the rules set out in section 7.4.4, be awarded a Capacity Remuneration that is equal to the Bid price of the selected Bid, multiplied by the Contracted Capacity of the selected Bid.

7.4.3.2 Evolution of the Auction pricing rule

For all Auctions that relate to a Delivery Period starting in 2027 or later, Capacity Providers shall, for each Bid that is selected in accordance with the rules set out in section 7.4.4, be awarded a Capacity Remuneration that is equal to the Bid price (and when a set of linked Bids is included among the selected Bids, the volume weighted average Bid price is considered) of the most expensive Bid selected, however limited to maximally the Intermediate Price Cap for each Bid that is subject to the Intermediate Price Cap as defined in the Royal Decree meant in Art. 7undecies §2 of the Electricity Act, multiplied by the Contracted Capacity of the selected Bid.

7.4.4 Auction clearing methodology

Elia shall run the auction algorithm which shall operate according to the methodology set out in this section 7.4.4.

The methodology selects Bids in order to maximize the net social welfare which is the value of:

- the area under the Demand Curve between a demand of zero MW and the cumulative quantity cleared from the selected Bids; less
- the sum over all selected Bids of the Bid price multiplied by the quantity cleared,

subject to the following restrictions:

- each Bid shall only be selected in its entirety or not at all;
- a set of linked Bids shall be considered as one Bid, meaning that all or none of the Bids in a set of linked Bids are selected;
- from each set of mutually exclusive Bids, only one Bid (or one set of linked Bids) shall be selected;
- the selection of Bids related to virtual CMUs shall be restricted so that maximally 400MW of Unproven Capacity is selected in a Y-4 Auction and 0MW in a Y-1 Auction;
- the selection of Bids shall comply with the grid constraints determined according to the methodology described in section 7.4.5.

Opt-Out notifications which result in a reduction of the CRM Required Volume according to the rules described in section 6.2 are accounted for in the methodology according to the rules described in section 7.4.4.1.

In case no unique solution is found, tie-breaking rules are applied as described in section 7.4.4.2.

7.4.4.1 Reduction of the CRM Required Volume because of Opt-Out Volumes

For each Opt-Out notification that results in a reduction of the CRM Required Volume according to the rules described in section 6.2, a dummy Bid shall be introduced by Elia in the auction algorithm for a volume equal to the Opt-Out Volume multiplied by the Last Published Derating Factor, at a Bid Price of 0 €/MW/year, not linked to a Capacity Provider and hence not resulting in any contractual obligation.

7.4.4.2 Tie-breaking rules

In case the methodology results in multiple solutions which are equivalent in terms of net social welfare, preference shall be given to the solution which is characterized by the lowest cumulative CO_2 emissions, to be calculated as the sum of the volume of each selected Bid multiplied by the emission factor, as determined during the Prequalification Process, of the CMU to which the Bid relates

In case the methodology results in multiple solutions which are equivalent both in terms of net social welfare and in terms of CO_2 emissions, preference shall be given to the solution which is characterized by the lowest cumulative Capacity Contract Duration, to be calculated as the sum of the volume of each selected Bid multiplied by the Capacity Contract Duration.

In case the methodology results in multiple solutions which are equivalent according to all of the above criteria, preference shall be given to the earliest submitted Bids to determine the winning solution.

7.4.5 Grid constraints

7.4.5.1 Process

As specified in the Electricity Act Art.7undecies §8, an Auction must respect the technical capabilities of the electrical transmission grid and shall be in line with the connection process as defined in the Federal Grid Code. For this purpose, a yearly calculation and application phase for grid constraints for the Primary Market is defined as follows.

Calculation phase

- During the calculation phase, which starts on 15th of June until 15th of September, Elia shall identify the public electrical transmission grid constraints of the expected grid infrastructure for the Delivery Period for the considered Auction to be taken into account within the CRM auction algorithm. Infeasible combinations of CMU(s) -only for additional connection capacity following the status obtained in the standard Prequalification Process detailed in section 5.2.1- originating from public electrical transmission grid perspective can occur and shall constitute grid constraints by Elia, if they exert an unacceptable mutual influence or if too many CMU(s) want to connect within the same region. The drivers for such grid constraints are described in section 7.4.5.3. The individual feasibility of CMU(s) with the need for additional connection capacity, is determined by Elia through the Prequalification Process, whereas the feasibility of combining multiple CMU(s) is verified through the calculation phase of grid constraints.
- Elia does not calculate any external constraints (e.g. from other grids or from primary fuel limitations), but may receive this information from the relevant external supplier, provided all validation conditions for external constraints have been positively verified by Elia (timing & format) and that those constraints have been provided according to the relevant legal and regulatory framework (cfr. section 7.4.5.4).

Application phase

During the application phase, Elia shall provide the calculated grid constraints for public electrical transmission grid to the CREG and any received external constraints to the relevant regulatory bodies for auditability of the CRM Auction (cfr. §7.4.5.6).
During the application phase, which starts on 15th of September until 30th of September, Elia shall apply the determined grid constraints (incl. validated external constraints) and make mathematical translations for usage in the Auction Algorithm, which effectively sets boundaries on the CRM solution space within which the CRM clearing can take place.

7.4.5.2 Methodology for Electrical Transmission Grid Constraints

Grid constraints are limitations on the combination of CMU(s) for additional connection capacity within the CRM-framework, based on the expected grid infrastructure for the considered Delivery Period and based on the scenario used for the determination of the CRM volume need, in order to ensure that all operational & market criteria are respected.

Elia does not calculate grid constraints for CMU(s) with existing capacity connections for the concerned Delivery Period at the time the Prequalification Process takes place in the auction algorithm. Such existing capacity connections shall hence not be influenced by the auction result. Elia shall only consider CMU(s) of Prequalified CRM Candidates for the grid constraints calculation phase. Elia shall only calculate grid constraints based on the drivers mentioned in the auction rules (cf. section §7.4.5.3) – except if prior validation has been obtained by CREG. No further restrictions shall apply to give maximum freedom of selection for the CRM auction algorithm.

Elia shall calculate and apply the grid constraints within the CRM auction algorithm following European and Belgian legislations addressing the power system planning and addressing the future power system operation which are technology neutral. No specific technology for additional connection capacity in the framework of the CRM shall therefore be exempted from potential grid constraints during the calculation phase.

Elia shall apply a step-wise methodology to determine the grid constraints in the calculation phase, the results of which shall be communicated to the CREG at the start of the application phase.

Step 1) The grid constraints shall be determined based on Elia's expectation of future conditions of the reference grid for the concerned Delivery Period, according to the following principles:

- Elia shall only assume decommissioning of existing connections in case they were officially announced via a definitive notification for closure as referred to in Art. 4bis of the Electricity Act prior to the grid constraint calculation phase or if there are any specific legal requirements for decommissioning of phase-out of existing units.
- Elia shall use the most recent status and anticipation of the planned & approved projects as listed in the latest Federal Development Plan & Regional Investment Plans, including planned projects resulting from specific client connection requests for which the connection contract has been signed and which have confirmed their intention not to participate to the forthcoming Auction prior to the 1st June of the same year. Elia shall also use the most recent available information regarding external grids, whenever relevant.
- Elia shall use the scenarios to calibrate the volume to be procured through CRM, as defined in the Royal Decree under Art7.undecies §2 of the Electricity Law – together with some specific sensitivities whenever relevant.

Step 2) Elia shall apply a combinatory methodology which verifies all relevant combinations of CMU(s) for additional connection capacity within the reference grid for the concerned Delivery Period, which have successfully passed the Prequalification Process.

Step 3) Elia shall set up a combination matrix, which explicitly enumerates at least all infeasible combinations. For each infeasible combination, Elia shall indicate the technical reason for non-acceptance based on the drivers for grid constraints (cf. section 7.4.5.3). Elia shall communicate the combination matrix to CREG in order to ensure auditability of the grid constraints.

Step 4) In the Application Phase, Elia shall apply all valid grid constraints in the auction algorithm through mathematical translation.

7.4.5.3 Drivers for Electrical Transmission Grid Constraints

The technical drivers for electrical transmission grid constraints can be categorized as:

(1) System security: Elia applies rules to ensure security of the overall electricity grid without structurally requiring re-dispatch – which respect all relevant European & Belgian legislation addressing power system planning & future power system & market operation.
(2) Physical spacing limitations: Elia determines any known limitations related to available physical space within the available terrains at the relevant substations, which are required for the anticipated connection of additional capacity for prequalified CRM Candidates.

7.4.5.4 External (third party) Constraints

Elia shall not calculate itself any external constraints, but shall take them into account during the application phase for a specific Auction, provided they are validated based on the subsequently described validation process.

External constraints are constraints from third parties, for example resulting from within other grids or from primary fuel limitations, which are not related to the public electricity transmission grid. Elia can accommodate in the Auction grid constraints from third parties to the extent they are defined by the third party within the appropriate legal & regulatory framework and they are provided on time & following the format specified in relation to the auction process & rules.

In any case, Elia cannot be held liable for the correctness of these third party constraints.

The validation process for external constraints – prior to any application by Elia within the application phase for a specific Auction - can in this respect be separated in two parts:

(1) The third party shall inform Elia in advance whether any distinct external constraint type can be accepted by the 15th of June at the latest. The third party shall provide the written confirmation from the relevant regulatory authority that any such constraints can be applied in the Auction. Elia is not

responsible for the acceptance of the calculation methodology & for the acceptance of a potential application within the auction algorithm during the application phase.

(2) Elia shall verify whether the received external constraints by the 15th of September respect the required formatting. Elia shall notify & inform the relevant regulatory bodies with the received proposals for external constraints as soon as possible after the 15th of September but no later than the 30th of September. Elia shall include in the combination matrix any valid external constraint– in line with the proposed grid constraint format.

In case the need for specified external constraints by third parties would be recurrent, they can be formalized by inclusion into the auction rules.

7.4.5.5 Grid constraints format

In case a grid constraint needs to be imposed within the auction algorithm, it shall take the following form. The table below illustrates the case for 3 CMUs:

CMU 1	CMU 2	CMU 3	Reason for non-acceptable combination
1	1	0	Eg. overload of line X
1	0	1	Eg. no sufficient space at substation X

In case of external constraints, they shall take the same format as specified above and need to be provided to Elia by the relevant third parties.

7.4.5.6 Grid Constraints timings

CALCULATION PHASE

Third party providers of external constraints shall notify Elia of the acceptance by the relevant regulatory authority that any distinct external constraint type can be accepted by the 15th of June at the latest. Elia is not responsible for the determination of the calculation for any external constraints.

Elia shall determine the public electrical transmission grid constraints (if any) applicable to the respective Auction between the 15th of June and the 15th of September.

All external grid constraints to be taken into account for the Auction shall be communicated to Elia until the 15th of September.

APPLICATION PHASE

As soon as possible after the 15th of September but no later than the 30th of September, Elia shall submit the combination matrix (incl. any external constraints) - to the relevant regulators which ultimately are applied as mathematical constraints in the auction algorithm.

From 15th of September and no later than 15th of October, Elia shall process the information from the calculation phase into mathematical constraints needed within the auction algorithm – based on the combination matrix and received external constraints.

The correct application of the grid constraints, and more generally the Auction, shall be verified following the rules set out in the Royal Decree on the control of the good functioning of the CRM as meant by Art. 7 undecies §9 of the Electricity Act.

7.4.5.7 Fallback solution

In the extraordinary event of calculation issues in the calculation phase – affecting the ex-ante availability of the necessary & approved grid constraints before the CRM gate closing time as specified above – Elia may exceptionally, after approval by CREG, apply nevertheless grid constraints in the application phase after the gate closing time of the Auction (i.e. 30th of September)

This fallback solution guarantees that the grid feasibility of any Auction is ensured, in case the standard process would fail. In case of failure, Elia & relevant third parties with external constraints take reasonable measures & consult with CREG in order to improve & avoid such events for future Auctions.

The fallback procedure can potentially imply some iterative steps between the gate closing time and the ultimate deadline of the publication of the Auction results – in order to determine the optimal Auction result that respects all valid grid constraints. The fallback process would be as follows: based on the receive Bids & the demand curve applied in the Auction, the auction algorithm shall provide the clearing result without mathematical grid constraints. The obtained solution shall then subsequently be verified by Elia (and if needed third parties to verify their respective external constraints) between 1st of October & 31st of October – following the methodology as defined in the auction rules.

- Step 1: In case the solution respects all constraints, no further steps are needed and the CRM auction result can be considered final.
- Step 2: In case it does not respect all constraints, the next optimal solution with the best objective function value needs to be determined in the auction algorithm, by iteratively performing an Auction clearing with 2 additional constraints (best objective function value step 2 worse than best objective function value step 1 and selection 2 does not equal selection 1).

Step 2 should be repeated until a solution is found that respects all valid grid constraints for the respective Auction.

7.4.6 Outputs

At the conclusion of the Auction, after validation of the Auction results following the procedure foreseen by the Royal Decree on the control of the good functioning of the CRM (cf. Art. 7undecies, §9 of the Electricity Act), including the involvement of the CREG and potential other third parties, Elia shall have selected the Bids for which the Prequalified CRM Candidates shall conclude a Capacity Contract with the Contractual Counterparty, thereby becoming Capacity Provider.

The Capacity Provider is therefore entitled to a Capacity Remuneration for its selected Bids as determined in section 7.4.3.

8 Pre-delivery monitoring

The pre-delivery monitoring process starts from the moment a Capacity Provider is awarded with a Capacity (reception of notification) and ends with the start of the Delivery Period for which this Capacity has been contracted. This process only covers the obligations resulting from Primary Market as the participation to Secondary Market (as Buyer of an Obligation) is limited to Existing Capacities as specified in section 10.2.

The objective of this process is to ensure compliance, all along the pre-delivery monitoring period between what has been contracted and what is effectively measured (as up to 4 years may separate the contract award from the start of Delivery Period).

It proposes specific requirements and a penalty regime for the three possible Capacity status: Existing Capacities, Additional Capacities and Unproven Capacities.

8.1 Pre-delivery monitoring process applicable to Existing Capacities

8.1.1 Pre-delivery monitoring requirements applicable to Existing Capacities

Elia shall verify, at least one time prior to the Delivery Period gate open time, the Reference Power of one or several Delivery Point(s) to compare it with the Reference Power determined by Elia during the Prequalification Process. To do so, Elia applies the 1st method to determine the Nominal Reference Power described in section 5.2.1.8 above.

8.1.2 Penalties in case of non-compliance with pre-delivery monitoring requirements applicable to Existing Capacities

From the moment the most recent calculated Reference Power is lower than the Reference Power determined in the Prequalification Process of the related Capacity, the following principle apply:

The prequalified Eligible Volume related to that Capacity is reduced to consider the most recent calculated Reference Power. In consequence, Elia notifies the concerned Capacity Provider and the updated value becomes the reference to any future Transaction from the moment of notification;

Moreover, in the event the updated Reference Power(s) related to a Capacity Market Unit is (are) lower (by 20 % or more) than the Obligated Capacity, Elia applies a financial penalty corresponding to 50 % of the amount covered by the bank guarantee.

In the specific case where the updated Reference Power is equal to zero, Elia applies a financial penalty corresponding to 100 % of the amount covered by the bank guarantee. For the sake of clarity, this does not lead to a contract termination and the Capacity Provider remains responsible for its Contracted Capacity and subject to the availability monitoring process detailed in section 9 below.

8.2 Pre-delivery monitoring process applicable to Additional Capacities

8.2.1 Pre-delivery monitoring requirements applicable to Additional Capacities

The requirements detailed below apply to any Capacity Market Unit labelled as Additional Capacity as long as the related Contracted Capacity cannot be effectively measured by Elia. From the moment the Contracted Capacity can be measured with a metering device respecting the requirements set in the Capacity Contract Framework, it becomes – per definition – an Existing Capacity and is subject to the requirements detailed in section 8.1 above.

8.2.1.1 Pre-delivery monitoring requirements:

- The Capacity Provider has to deliver to Elia a quarterly monitoring report in which the status of the project's evolution is given, for at least each milestone and key milestone determined in the Capacity Contract Framework. Whenever relevant, this status shall be supported by the appropriate project documentation;

- This quarterly monitoring report – for which a basic format will be provided to the Capacity Provider in the Capacity Contract Framework - shall be electronically submitted to Elia;

- From the moment a schedule deviation (i.e. a delay) - compared to the initial project plan submitted by the CRM Candidate during the Prequalification Process – higher than a month, is identified in the quarterly monitoring report, the Capacity Provider shall immediately submit a dedicated mitigation plan supported by concrete elements (such as but not limited to : updated workload forecast,…).

  The list of elements that can be delivered by the Capacity Provider as part of its mitigation plan or in answer to Elia's specific request is set in the Capacity Contract Framework.

  For the sake of clarity, a validated Transaction on the Secondary Market is one of (but not the only one) the possibilities offered to the Capacity Provider to be included (as part of) in its mitigation plan.

- In the event the Capacity Provider becomes aware of an event which could have a substantial impact on the schedule, it is of the Capacity Provider's obligation to immediately inform Elia about it along with a mitigation plan.

- A Contracted Capacity is confirmed available and therefore not subject to the penalties detailed below as long as – based on the information provided in the quarterly monitoring report and/or in the related mitigation plans – there is no residual delay.

  A residual delay corresponds to a delay of at least one month for which no solution has been proposed by the Capacity Provider. It may concern part of or the entire Contracted Capacity.

- If – based on the information given in the last quarterly monitoring process submitted prior to the determination of Y-1 volume to be procured in the next Y-1 Auction – a residual delay on part of (> than 1 MW) or on the entire Contracted Capacity remains, Elia shall increase the calculated Y-1 volume accordingly.

  As a consequence, the penalty regime detailed in the section 8.2.2 below is applied by Elia on the Capacity Provider.

8.2.2 Penalties in case of non-compliance with pre-delivery monitoring requirements applicable to Additional Capacities

From the moment part of or an entire initially Contracted Capacity is substituted by an additional volume to be procured in Y-1 Auction, the concerned Capacity Provider faces the following two consequences:

1) Its initial Capacity Contract Duration is reduced by one year for the related volume. In case the entire Contracted Capacity is substituted by an additional volume to be procured in Y-1 and provided that the Capacity Contract Duration left is equal to one year, the Capacity Contract shall be terminated.

2) A financial penalty applies and corresponds to 33 % of the amount covered by the bank guarantee. The principles ruling the determination of the bank guarantee are described in section 12 below.

As long as Elia has not been able to measure (with an appropriate metering device respecting the requirements set in the Capacity Contract Framework) the Contracted Capacity of an Additional Capacity, the bank guarantee remains valid and accessible to Elia as detailed in section 12. In addition, the Capacity Provider is subject to the Availability Monitoring principles detailed in section 9.

In the specific case where Elia is never able to measure the Contracted Capacity of that Additional Capacity, a financial penalty corresponding to the remaining amount covered by the bank guarantee is applied by Elia.

Finally, once the Contracted Capacity has been measured by Elia, the principles and related penalties described in section 8.1.2 above apply.

8.2.3 Influence of third parties projects (Elia, DSOs or Fluxys) on contracted Additional Capacities

Because of their own infrastructure works, the following third parties may have an influence on one or several Contracted Capacities: Elia, DSOs and Fluxys.

An infrastructure work is defined as any construction work that falls under the responsibility of the system operator (being Fluxys, DSO or Elia). In other words, it cannot be coordinated and realized by another entity selected by a Capacity Provider (no competition possible). A concrete example is the construction of a 380 kV line for Elia or the installation of a new gas pipeline for Fluxys.

In opposition to infrastructure work, project works are defined as any work needed to effectively realize a project and for which the selection of the related contractors is the Capacity Provider's responsibility. These works are clearly identified in the project execution plan submitted by the CRM Candidate to Elia as part of the Prequalification Process of an Additional Capacity.

A project work can be realized by a system operator (example with the part B of the connection process described in the Federal Grid Code that can be realized by Elia) if such system operator is effectively selected by the Capacity Provider among the other possible candidates (competition possible).

A delay on infrastructure work identified as influencing an Additional Capacity (such identification is formalized in the project execution plan submitted by the CRM Candidate at the moment of the Prequalification Process of an Additional Capacity) is treated in two possible ways:

1) The infrastructure work delay is detected prior to the determination of Y-1 volume to be procured in Y-1 Auction and confirmed in the last quarterly monitoring report received prior to this Y-1 volume determination.

   In such circumstances, Elia increases the volume to be procured in Y-1 by the volume of Contracted Capacity influenced by such delay. In parallel, Elia notifies the concerned Capacity Provider.

   In consequence of this additional volume procured in Y-1 Auction, the start of the Delivery Period of initially Contracted Capacity(ies) impacted by the infrastructure work delay and notified by Elia is delayed by one year.

   No financial compensation is foreseen by the System Operator responsible for the related infrastructure work.

2) The infrastructure work delay is detected after the determination of Y-1 volume.

   In consequence, no additional Capacity can be procured in an Auction to compensate the initially Contracted Capacities which will not be able to deliver their contractual obligation as from Transaction Date and the start of Transaction Period of initially Contracted Capacities influenced by such delay is delayed by one year.

   No financial compensation is foreseen by the system operator responsible for the related infrastructure work.

From the moment one infrastructure work causes a delay longer than 3 years on a Contracted Capacity, this (these) contract(s) is (are) terminated following the procedure determined in the Capacity Contract Framework .

In cases the infrastructure work delay is less than a year, the Contracted Capacities for which the start of the Transaction Period have been delayed by a year may participate to the Secondary Market until the effective start of the Transaction Period.

Project works – even if realized upon Capacity Provider's request by a system operator - are subject to the requirements detailed in section 8.2.35.2.1.5 above.

8.3 Pre-delivery monitoring process applicable to Unproven Capacities

8.3.1 Pre-delivery monitoring requirements

Virtual Capacity Market Unit(s) prequalified as Unproven Capacity shall comply with the following requirements:

- at least but not limited to 75 % of the Contracted Capacity shall be fully prequalified respecting the standard Prequalification Process requirements detailed in section 5.2.1 one month prior to the publication of volume to be procured in Y-1 Auction for the same Delivery Period as per service time schedule;

- the full (100 %) Contracted Capacity shall be fully prequalified respecting the standard Prequalification Process requirements detailed in section 5.2.1 prior to the Gate Closure Time of Prequalification Process for the Y-1 auction, as per service time schedule.

With respect to these two milestones, Elia determines a missing volume which corresponds to the difference between the target to prequalify and the effectively prequalified Eligible Volume.

For the first target of 75 %, the missing volume corresponds then to: [0,75*Contracted Capacity – prequalified Eligible Volume]

This resulting missing volume is added by Elia to the Y-1 volume determination to be procured in the Y-1 Auction. In consequence, the initial Capacity Provider Contracted Capacity is reduced by the same missing volume and faces a penalty as described in section 8.3.2 below.

For the second target (100 %); the missing volume corresponds to: [Contracted Capacity – prequalified Eligible Volume].

The prequalified Eligible Volume used in the formula above cannot be increased by an already prequalified Capacity under the standard Prequalification Process.

8.3.2 Penalties in case of non-compliance with pre-delivery monitoring requirements

The penalties in case of non-compliance with the pre-delivery monitoring requirements specified in section above are proportional to the percentage of missing volume as detailed in the tables hereunder.

Such percentage of missing volume is calculated for each target independently.

For the first target of 75 %; the percentage of missing volume corresponds to: [(0,75*Contracted Capacity) – prequalified eligible volume] / (0,75*Contracted Capacity). Corresponding penalties are detailed in the table hereunder:

% of missing volume (1st target of 75 % of Contracted Capacity	Corresponding penalty
100 %	100 % of the amount covered by the bank guarantee
|≥ 66 %; < 100 %|	50% of the amount covered by bank guarantee
|≥ 33 %; < 66 %|	30 % of the amount covered by bank guarantee
|> 0; < 33 %|	15 % of the amount covered by bank guarantee

In addition to the financial penalty, Elia will terminate the Capacity Contract in case a 100 % of missing volume is calculated at the first target.

For the second target of 100 %; the percentage of missing volume corresponds to: (Contracted Capacity – Prequalified Eligible Volume) / Contracted Capacity. Corresponding penalties are detailed in table hereunder:

% of missing volume (1st target of 100 % of Contracted Capacity	Corresponding penalty
100 %	30 % of the amount covered by the bank guarantee
|≥ 66 %; < 100 %|	20% of the amount covered by bank guarantee
|≥ 33 %; < 66 %|	10 % of the amount covered by bank guarantee
|> 0; < 33 %|	5 % of the amount covered by bank guarantee

9 Availability Obligation, Monitoring and Penalties

9.1 Availability Obligation & Monitoring

Every Capacity Provider shall be obligated to make the capacity of the Capacity Market Units subject to his Capacity Contract available during AMT Hours, as well as deliver sufficient proof of availability during the Delivery Period(s) applying to the Capacity Contract according to the rules in this section. The following aspects are specified:

- The identification of the AMT Hours in function of the published AMT Price (section 9.2);
- Obligations and modalities for declaring market prices and establishing the Declared Market Price (section 9.3);
- The method for establishing the Obligated Capacity for each CMU and for each of AMT Hours (section 9.4;
- Establishing the Available Capacity for each CMU and for each of the AMT Hours (section 9.5);
- Modalities for Availability Tests (section 9.6);
- Application of Availability Penalties and the escalation procedure (Section 9.7).

9.2 Identification of the AMT Hours

AMT Hours are the hours deemed relevant in the context of Belgian adequacy during which the Availability Obligations contracted in the CRM are subject to Availability Monitoring and potential Availability Penalties and other measures in case of non-compliance. The Day-Ahead Market Price is used as an indicator to identify the AMT Hours.

Elia shall publish the AMT Price on their website by the 15th of March 2025 at the latest. Elia will determine the AMT Price as the minimum of the following:

- The P50 over all monte-carlo years of the price that is surpassed during 100 hours in the latest reference scenario defined in Chapter 2, Article 4, §1, §2 and §3 of the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019 , amended with the installed capacity cleared in the Y-1 Auction;
- The P50 over all monte-carlo years of the price that is surpassed during 20 hours the latest reference scenario defined in Chapter 2, Article 4, §1, §2 and §3 of the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019, amended with the installed capacity cleared in the Y-1 Auction.

The amendment with the installed capacity cleared in the Y-1 Auction shall be performed by replacing assumptions on type of capacity installed in the latest reference scenario with Capacity that was contracted for the Delivery Period, known as of the publication Y-1 Auction results.

Every hour for which the Day-Ahead Market Price surpasses the AMT Price during the Delivery Period is an AMT Hour. Capacity Providers are obligated to make at least their Obligated Capacity – as defined in 9.4 – available during every AMT Hour. Availability Monitoring can only occur during AMT Hours and is always performed over a complete AMT Moment, which can consist of one or more AMT Hours.

An exception is made for any AMT Hours corresponding to a market segment where a NEMO composing part of the reference Day-Ahead Market Price is decoupled from the Day-Ahead Market (e.g. due to IT problems). In such case, Elia shall notify the Capacity Providers shortly after the Day-Ahead Market clearing according to the procedure and modalities defined in the Capacity Contract.

All identified AMT Hours and AMT Moments are published on Elia's website before 15:00 CET the day before the occurrence of the AMT Hours and Moments. In case of exceptional events in the DAM clearing as soon as possible.

9.3 Obligations and modalities for Declared Market Price communication

This section only applies to CMU's without CIPU Contract.

The Declared Day-Ahead Price is part of the essential information required by Elia to monitor the availability of CMUs without CIPU Contract. It shall represent the price for the CMU above which the Capacity Holder or other competent party designated by the Capacity Holder to perform such tasks is willing to deliver energy with the CMU following the Day-Ahead Market by dispatching at least its Obligated Capacity for that market segment. Each CMU without Daily Schedule subject to a Capacity Contract shall have one Declared Day-Ahead Price listed in the Capacity Contract. The Declared Day-Ahead Price initially declared in the contract shall not exceed the Day-Ahead Market price cap at the time of signature of the Capacity Contract.

The Capacity Provider can communicate an updated value of the Declared Day-Ahead Price to Elia according to the procedures described in the Capacity Contract. This communication shall contain the information set out in the Capacity Contract, including but not limited to:

- The identity of the CMU to which the communicated Declared Day-Ahead Price applies, conform with the Capacity Contract;
- The single value of the updated Declared Day-Ahead Price in €/MWh.

Elia shall only accept this updated Declared Day-Ahead Price value for the CMU if the conditions set out in the Capacity Contract are met, including but not limited to:

- All information as listed above was present in the communication;
- The communicated Declared Day-Ahead Price does not exceed the Day-Ahead Market price cap[3] at the time of communication.

An updated Declared Day-Ahead Price received before 9:00 is valid as of the following day. Any update received later on in the day are applicable from D+2. Furthermore, Elia shall always use the latest accepted value as reference for its Availability Monitoring.

A Capacity Provider may communicate to Elia its Declared Intraday Price or a Declared Balancing Price. It shall represent the price for the CMU above which the Capacity Holder or other competent party designated by the Capacity Holder to perform such tasks is willing to deliver energy with the CMU following the Intraday Market or in reaction to the positive imbalance price respectively by dispatching at least its Obligated Capacity for that market segment. This communication shall contain the information as set out in the Capacity Contract, including but not limited to:

- The identity of the CMU to which the communicated Declared Intraday or Balancing Price applies, conform with the Capacity Contract;
- The single value of the updated Declared Intraday or Balancing Price in €/MWh.

Elia shall only accept this Declared Intraday or Balancing Price value for the CMU if certain conditions are met, including but not limited to:

- All information as listed above was present in the communication;

[3] As defined by the "DECISION OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS No 04/2017"

- The communicated Declared Intraday Price or Declared Balancing Price does not exceed the Intraday[3] or positive imbalance price cap[4] respectively at the time of communication.

Elia shall always use the last accepted value of Declared Intraday or Balancing Price received in accordance with the timing set out in the Capacity Contract as reference for that CMU.

A Capacity Provider can communicate (a) Partial Day-Ahead Price(s). It shall represent the price(s) for the CMU above which the Capacity Holder or other competent party designated by the Capacity Holder to perform such tasks is willing to deliver energy with the CMU following the Day-Ahead Market by dispatching a part of its Obligated Capacity for that market segment. This communication shall contain the information as set out in the Capacity Contract, including but not limited to:

- The identity of the CMU to which the communicated Partial Day-Ahead Price applies, conform with the Capacity Contract;
- The value(s) in €/MWh of the updated Partial Day-Ahead Price(s) and associated (total, not additional) volume(s) (in MW) that will be dispatched for each price.

Elia shall only accept the Partial Day-Ahead Price(s) value(s) for the CMU if certain conditions are met as set out in the Capacity Contract, including but not limited to:

- All information as listed above was present in the communication;
- Each communicated Partial Day-Ahead Price does not exceed last communicated Declared Day-Ahead Price;
- None of the communicated volumes exceed the Reference Power of the CMU.

An updated Partial Day-Ahead Price received before 9:00 is valid as of the following day. Any update received later on in the day are applicable from D+2. Furthermore, Elia shall always use the latest accepted value as reference for its Availability Monitoring.

A Capacity Provider may communicate (a) Partial Intraday Price(s) or (a) Declared Balancing Price(s). It shall represent the price(s) for the CMU above which the Capacity Holder or other competent party designated by the Capacity Holder to perform such tasks is willing to deliver energy with the CMU following the Intraday Market or in reaction to the positive imbalance price respectively by dispatching a part of its Obligated Capacity for that market segment. This communication shall contain the information as set out in the Capacity Contract, including but not limited to:

- The identity of the CMU to which the communicated Partial Day-Ahead Price applies, conform with the Capacity Contract;
- The value(s) in €/MWh of the updated Partial Day-Ahead Price(s) and associated (total, not additional) volume(s) (in MW) that will be dispatched for this price.

Elia shall only accept the Partial Day-Ahead Price(s) value(s) for the CMU if certain conditions are met, including but not limited to:

- All information as listed above was present in the communication;
- For (each of) the communicated Partial Intraday Price(s) or Partial Balancing Price(s), there was also a Partial Day-Ahead Price communicated associated to the same volume;
- The communicated Partial Intraday Price or Partial Balancing Price does not exceed the Intraday Price cap or positive imbalance price cap respectively at the time of communication.
- None of the communicated volumes exceed the Reference Power of the CMU.

[4] As determined by the CREG in the ELIA grid tariffs in application at that time

Elia shall always use the last accepted value of Partial Intraday Price(s) or Partial Balancing Price received in accordance with the timing set out in the Capacity Contract as reference for that CMU.

With the exception of the Declared Day-Ahead Price, the Capacity Provider may request Elia to terminate the application of any of the above declared prices. Elia will apply this termination in accordance with the timing in the Capacity Contract.

Elia can, on a regular basis, notify any declared prices and evolution thereof that could trigger doubts on anti-competitive behavior or on behavior aiming to avoid for instance Payback Obligations to the CREG. Particularly declaring Declared or Partial Intraday or Balancing Prices lower than their Day-Ahead counterpart, can be reasonable grounds for such doubts.

9.3.1 Determining the Declared Market Price and Required Volume

Elia shall determine one 'Required Volume' or 'V_{req}' which the CMU is supposed to dispatch in reaction to the energy market prices. It is a matter of comparing the volumes associated with the CMU's declared prices as described in section 9.3. This parameter is applied to establish Available Capacity during AMT Hours (as defined in section 9.5).

For the Declared Day-Ahead Price, the associated volume for one Day-Ahead Market segment is the Nominal Reference Power of the CMU.

For the Partial Day-Ahead Price, the associated volume for one Day-Ahead Market segment is the volume listed in the last accepted communication from the Capacity Provider as above.

For the Declared Intraday or Balancing Price, the associated volume for one quarter hour market segment is the Nominal Reference Power of the CMU.

For the Partial Intraday or Balancing Price, the associated volume for one quarter hour market segment is the volume listed in the last accepted communication from the Capacity Provider as above.

For any AMT Hour, the Requested Volume or 'V_{req}' is equal to the maximum of:

- The highest of the volumes associated with the Declared Day-Ahead or a Partial Day-Ahead Price(s) which were surpassed by the CMU's Reference Price for the Day-Ahead Market segment corresponding to the AMT Hour.
- The average of the highest of the associated volumes for each quarter-hour, over the quarter-hours in the Day-Ahead Market segment corresponding to the AMT Hour, each associated with a Declared or Partial Intraday or Balancing Price(s) which was surpassed by the Intraday Price or positive imbalance price.

In case none of the declared prices were surpassed during any market segment within the AMT Hour, 'V_{req}' is equal to 0 MW for that AMT Hour.

If 'V_{req}' is a volume associated to the Declared Day-Ahead Price or a Partial Day-Ahead Price, the Declared Market Price is equal to this corresponding price.

If 'V_{req}' is a volume associated to a combination of Declared or Partial Intraday or Balancing Price(s) during the Day-Ahead Market segment corresponding to the AMT Hour, the Declared Market Price is equal to the average over all quarter-hours in the Day-Ahead Market segment corresponding to the AMT Hour of a the Declared and/or Partial Day-Ahead Prices associated to the highest volume in each quarter hour in the Day-Ahead Market segment corresponding to the AMT Hour associated with a Declared or Partial Intraday or Balancing Price that was surpassed by the Intraday Price or positive imbalance price respectively during that quarter hour.

If 'V_{req}' is equal to 0 MW as a result of no declared price being surpassed, the Declared Market Price is not applicable.

The Declared Market Price established in this way for one CMU and one AMT Hour '*t*' is denoted as *DMP(CMU,t)*.

9.4 Determining the Obligated Capacity for AMT Hours

For Non-Energy Constrained CMUs the Obligated Capacity for every AMT Hour is equal to the *Total Contracted Capacity(CMU,t)*, where '*t*' is a measure for time expressed as a market segment (i.e. one hour) on the Day-Ahead Market.

For Energy Constrained CMUs, the SLA Hours need to be established to determine Obligated Capacity. Elia applies the following procedure to select the SLA Hours for one day:

1. Select all AMT Hours for which a Declared Market Price applies (as defined in section 9.3.1) as SLA Hours.
2. If the 'N' AMT Hours selected in step 1., where '*N*' is the duration associated to the CMU's SLA, with maximum Available Capacity (as defined in section 9.5) contain all AMT Hours in at least one consecutive block of AMT Hours selected in step 1., only retain the AMT Hours in the consecutive block with the highest average Available Capacity (as defined in section 9.5) over the AMT Hours therein as SLA Hours. Otherwise, do not alter the selection.
3. If after step 2. More than '*N*' SLA Hours remain only retain the '*N*' hours with highest Available Capacity (as defined in section 9.5) as SLA Hours for the CMU.

The Obligated Capacity for every SLA Hour is determined by the following formula:

$$P_{Obligated}(t) = \frac{Total\ Contracted\ Capacity(CMU,t)}{Derating(CMU,t)}$$

Where '*t*' is a measure for time expressed as a market segment (i.e. on hour) on the Day-Ahead Market.

The Obligated Capacity outside of SLA Hours is 0 MW, unless the Capacity Provider acquired obligations in ex-post Transactions on the Secondary Market. For those hours, the Obligated Capacity is equal to the *Total Contracted Capacity(CMU,t)*.

9.5 Establishing Available Capacity for AMT Hours

Elia shall select specific AMT Moments over the Delivery Period during which it verifies the Available Capacity of all CMU's. This selection shall be the result of an internal procedure to Elia, not disclosed publicly. This selection does not diminish the Capacity Provider's obligation to make at least the Obligated Capacity as defined in section 9.4 of each CMU available for every AMT Hour.

The method to establish Available Capacity differs between CMUs subject to a CIPU Contract and those which are not. This section elaborates both methods.

9.5.1 Available Capacity for CMUs with a CIPU Contract

This type of CMU is obligated to communicate any (partial) Planned Outages to Elia within specified timeframes, as established in the CIPU Contract. For any AMT Hour during a period where a (partial) Planned Outage was indicated, the Available Capacity shall not exceed the limitations on the Pmax Available for the CMU as a result of this (partial) Planned Outage. Any Missing Capacity established as a result of this limitation is considered as announced unavailability for Availability Penalties (section 9.7).

In case Elia is informed– pursuant to article 245 of the Federal Grid Code, article 102 of the SOGL and the CIPU Contract – that a partial or complete Forced Outage occurred on the CMU, the Available Capacity during the period of Forced Outage shall not exceed the remaining maximum power after the Forced Outage. Any Missing Capacity established as a result of this limitation is considered as unannounced unavailability for Availability Penalties (section 9.7).

The Available Capacity for CMUs with a CIPU Contract shall be equal to the last Pmax Available in the Daily Schedule, unless constraints by Planned or Forced Outages contradict this value (cf. supra). Any Missing Capacity established this way that is not the result of a Planned Outage (cf. supra) is considered as unannounced unavailability for Availability Penalties (section 9.7). Available Capacity established in this way is Proven Availability.

9.5.2 Available Capacity for CMUs without CIPU Contract

For CMUs without CIPU Contract, the Capacity Provider shall inform Elia of any (partial) planned unavailability (i.e. Planned Outages) as soon as possible and before 9:00 CET the day before the occurrence of a considered AMT Hour. For any AMT Hour during the period indicated by the Capacity Provider, the CMU's Available Capacity shall not exceed the maximum power as indicated by the Capacity Provider in their communication to Elia. Any Missing Capacity established as a result of this limitation is considered as announced unavailability for Availability Penalties (section 9.7).

The Capacity Provider is obligated to inform Elia of any limitations on the availability of the CMU's for which he holds a Capacity Contract, established after 9:00 CET the day before the occurrence of the considered AMT Hour, as soon as possible. For any AMT Hour during the period indicated by the Capacity Provider, the CMU's Available Capacity shall not exceed the maximum power as indicated by the Capacity Provider in their communication to Elia. Any Missing Capacity established as a result of this limitation is considered as unannounced unavailability for Availability Penalties (section 9.7).

If the concerned CMU delivers capacity through the potential reduction of off-take and as above unavailability notified to Elia results in a reduction of off-take, the Capacity Provider shall communicate this reduction with the addition to any remaining potential for off-take as the maximum power to Elia. Elia shall then continue to establish Available Capacity according to the rules in this section using a modified Baseline.

The method of monitoring depends on whether the CMU's Reference Price surpasses the Strike Price (section 9.5.2.1) or not.

Available Capacity for CMU's without CIPU Contract is established as the sum of a volume of active power delivered 'V_{Act}' and a volume of margin retained 'V_{Pas}'. The following formula defines how Available Capacity is calculated using these parameters:

$$P_{Available} = MIN(V_{Act}; V_{req}) + MIN(V_{Pas}; Nominal\ Reference\ Power - V_{req})$$

Where other limitations related to unavailability communicated by the Capacity Provider (cf. supra) still apply. '$Vreq$' is as defined in section 9.3.1.

The first term in the sum above is considered as Proven Availability, the second as Unproven Availability.

Missing Capacity established in this way that was not the result of a Planned Outage announced within the appropriate timeframe by the Capacity Provider (cf. supra) is considered unannounced unavailability for Availability Penalties (section 9.7).

9.5.2.1 V_{Act} and V_{Pas} in case the CMU's Reference Price does not surpass the Strike Price

Elia shall compare the value of the CMU's Reference Price to its Declared Market Price. The following two cases are distinguished:

CASE 1:

- The CMU's Reference Price surpasses its Declared Day-Ahead Price.

In case one or more Delivery Point(s) are prequalified in one or several frequency related Ancillary Services, the Capacity Provider identifies them during the CRM Prequalification Process (as part of the Grid User Declaration) or in accordance with the modalities in the Capacity Contract.

In case one or more Delivery Point(s) is (are) reserved in one or several frequency related Ancillary Services for the period covered by the AMT Hour, Elia considers the participation to Ancillary Service as the minimum of the following parameters:

- The volume of the accepted frequency-related Ancillary Services bid;
- The maximum volume the Delivery Point is allowed to deliver in these Ancillary Services as established in the related Ancillary Service contractual framework;
- The Nominal Reference Power of the Delivery Point.

The result is denoted as '$V_{Pas,AS,i}$' for Delivery Point 'i'. '$V_{Pas,AS}$' is defined by the following formula:

$$V_{Pas,AS} = \sum_{i=1}^{n_{DP}} V_{Pas,AS,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

Additionally, if one or more Delivery Point(s) is (are) activated to deliver mFRR service and the mFRR service is delivered from a Delivery Point identical to the one prequalified by the Capacity Provider for the CRM Service (including metering requirements), Elia determines:

'$V_{Act,AS,i}$' as the average power provided for mFRR during the AMT Hour.

' $V_{Act,AS}$' is defined by the following formula:

$$V_{Act,AS} = \sum_{i=1}^{n_{DP}} V_{Act,AS,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

This activation can be the consequence of an mFRR availability test or in answer to an effective frequency deviation.

In case the mFRR service is delivered from a Delivery Point not identical to the one prequalified by the Capacity Provider for the CRM Service, Elia is only able to consider the effective reservation of mFRR service following the rule set above.

In case test or effective activations in mFRR services conclude that a Delivery Point associated to a CMU subject to a Capacity Contract for the current Delivery Period was not capable of delivering the energy requested by Elia during an AMT Hour, the Available Capacity for that AMT Hour is reduced according to the ratio of the volume considered reserved in Ancillary Services for that Delivery Point and the underdelivery to Ancillary Services during the AMT Hours.

Available Capacity through other market activities is determined by the measured active power provided. For each Delivery Point 'i':

Delivery Point providing capacity by the potential for injecting energy into the electricity grid:

'$V_{Act,other,i}$' is defined by the following formula:

$$V_{Act,other,i} = P_{measured,i}$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i'.

'$V_{Pas,other,i}$' is defined by the following formula:

$$V_{Pas,other,i} = 0\ MW$$

Delivery Point providing capacity by the potential for reduction offtake from the electricity grid:

'$V_{Act,other,i}$' is defined by the following formula:

$$V_{Act,other,i} = P_{Baseline,i} - P_{measured,i}$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i' and $P_{Baseline,i}$ is the Baseline for the Delivery Point 'i'.

'$V_{Pas,other,i}$' is defined by the following formula:

$$V_{Pas,other,i} = 0\ MW$$

After establishing the contributions of each of the Delivery Points in the CMU, '$V_{Act,other}$' is defined by the following formula:

$$V_{Act,other} = \sum_{i=1}^{n_{DP}} V_{Act,other,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

'$V_{Pas,other}$' is 0 MW, as retained margin does not contribute in this case.

Finally, V_{Act} and V_{Pas} are determined as:

$$V_{Act} = V_{Act,other} + V_{Pas,AS} - V_{Act,AS}$$

And

$$V_{Pas} = 0\ MW$$

CASE 2:

- The CMU's Reference Price does not surpass its Declared Day-Ahead Price.

V_{Act} and V_{Pas} are determined as:

$$V_{Act,other} = 0\ MW$$

And

$$V_{Pas,other} = Nominal\ Reference\ Power,$$

9.5.2.2 V_{Act} and V_{Pas} in case the CMU's Reference Price does surpass the Strike Price

In case one or more Delivery Point(s) are prequalified in one or several frequency related Ancillary Services, the Capacity Provider identifies them during the CRM Prequalification Process (as part of the Grid User Declaration) or in accordance with the modalities in the Capacity Contract.

In case one or more Delivery Point(s) is (are) reserved in one or several frequency related Ancillary Services for the period covered by the AMT Hour, Elia considers the participation to Ancillary Service as the minimum of the following parameters:

- The volume of the accepted frequency-related Ancillary Services bid;
- The maximum volume the Delivery Point is allowed to deliver in these Ancillary Services as established in the related Ancillary Service contractual framework;
- The Nominal Reference Power of the Delivery Point.

The result is denoted as '$V_{Pas,AS,i}$' for Delivery Point 'i'. '$V_{Pas,AS}$' is defined by the following formula:

$$V_{Pas,AS} = \sum_{i=1}^{n_{DP}} V_{Pas,AS,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

Additionally, if one or more Delivery Point(s) is (are) activated to deliver mFRR service and the mFRR service is delivered from a Delivery Point identical to the one prequalified by the Capacity Provider for the CRM Service (including metering requirements), Elia determines:

'$V_{Act,AS,i}$' as the average power provided for mFRR during the AMT Hour.

' $V_{Act,AS}$' is defined by the following formula:

$$V_{Act,AS} = \sum_{i=1}^{n_{DP}} V_{Act,AS,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

This activation can be the consequence of an mFRR availability test or in answer to an effective frequency deviation.

In case the mFRR service is delivered from a Delivery Point not identical to the one prequalified by the Capacity Provider for the CRM Service, Elia is only able to consider the effective reservation of mFRR service following the rule set above.

In case test or effective activations in mFRR services conclude that a Delivery Point associated to a CMU subject to a Capacity Contract for the current Delivery Period was not capable of delivering the energy requested by Elia during an AMT Hour, the Available Capacity for that AMT Hour is reduced according to the ratio of the volume considered reserved in Ancillary Services for that Delivery Point and the underdelivery to Ancillary Services during the AMT Hours.

Available Capacity through other market activities is determined by the measured active power provided and margin retained in each Delivery Point CMU in each Delivery Point CMU. For each Delivery Point 'i':

Delivery Point providing capacity by the potential for injecting energy into the electricity grid:

'$V_{Act,other,i}$' is defined by the following formula:

$$V_{Act,other,i} = P_{measured,i}$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i'.

$$V_{Pas,other,i} = Nominal\ Reference\ Power_i - P_{measured,i}$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i'.

Delivery Point providing capacity by the potential of reduction offtake from the electricity grid:

'$V_{Act,other,i}$' is defined by the following formula:

$$V_{Act,other,i} = P_{Baseline,i} - P_{measured,i}$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i' and $P_{Baseline,i}$ is the Baseline for the Delivery Point 'i'.

'$V_{Pas,other,i}$' is defined by the following formula:

$$V_{Pas,other,i} = P_{measured} - UM_i$$

Where '$P_{measured,i}$' is the Measured Power in Delivery Point 'i' and UM_i is the Unsheddable Margin for the Delivery Point 'i'.

After establishing the contributions of each of the Delivery Points in the CMU, '$V_{Act,other}$' '$V_{Pas,other}$' are defined by the following formula:

$$V_{Act,other} = \sum_{i=1}^{n_{DP}} V_{Act,other,i}$$

And

$$V_{Act,other} = \sum_{i=1}^{n_{DP}} V_{Act,other,i}$$

Where 'n_{DP}' is the number of Delivery Points for the CMU.

Finally, V_{Act} and V_{Pas} are determined as:

$$V_{Act} = V_{Act,other} + V_{Pas,AS} - V_{Act,AS}$$

And

$$V_{Pas} = V_{Pas,other} + V_{Act,AS}$$

9.6 Modalities for Availability Tests

ELIA can verify the availability of a CMU through unannounced Availability Tests. Such a test will be notified by ELIA to the Capacity Provider before 15:00 CET the day before the Availability Test at the latest, i.e. the same moment at which the identification of AMT Hours is communicated.

ELIA can test a CMU up to three (3) times successfully during the Winter Period and one (1) time successfully outside of the Winter Period. Additionally, ELIA reserves the right to test at maximum one (1) time the full duration of the SLA (if any). ELIA will not conduct Availability Tests in a period where they have prior knowledge of planned unavailability for the concerning CMU.

Elia shall select CMU's on which to perform Availability Tests according to an internal procedure, which will not be disclosed publicly. Nevertheless, Elia shall base its procedure on criteria including, but not limited to:

- The amount of Proven Availability of the CMU's relative to all other CMUs subject to a Capacity Contract for the current Delivery Period;
- Previously failed Availability Tests by the CMU;
- Missing Capacity during Availability Monitoring;
- Correlations of the CMU's outputs with the communicated prices defined in 9.3.

When Elia notifies the Availability Test along with its expected duration (full SLA duration or 1 quarter-hour) to the Capacity Provider, it shall also contains its start and end time. Start- and end-times determine the period during which the Obligated Capacity shall be measured and verified by Elia. Within that period of time, the Capacity Provider has the freedom to organize the energy delivery as it suits him the best. The Obligated Capacity for the duration of the Availability Test is the Total Contracted Capacity (CMU,t) divided by the CMU's Derating Factor, established at the time of test notification. This is defined by the following formula:

$$P_{Obligated} = \frac{Total\ Contracted\ Capacity(CMU,t)}{Derating(CMU,t)}$$

The Available Capacity during an Availability Test is determined as:

- The Measured Power of the CMU for a CMU providing capacity through the potential to inject energy into the grid.
- The difference between the CMU's Baseline and Measured Power for CMU's providing Capacity through the potential for reduction of offtake from the grid

Any Missing Capacity during this period is liable to an Availability Penalty (9.7).

The Capacity Provider can also request an Availability Test to Elia in order to meet the conditions for reinstating the original remuneration after downwards revision due to three (3) AMT Moments and/or Availability tests during which Missing Capacity was established (9.7). These tests need operational approval by Elia and follow the same procedure as the surprise tests. Different Availability Tests shall take place on different calendar days.

Any costs of Availability Tests are borne by the Capacity Provider.

9.7 Availability Penalties

Any Missing Capacity, i.e. a positive difference between Obligated and Available Capacity, during an AMT Hour is liable to an Availability Penalty. This penalty is determined according to the following formula:

$$Availability\ Penalty\ [€] = (1+X) * \frac{\sum_{t=1}^{T} MAX(P_{Obligated,t} - P_{Available,t}; 0) * Total\ Contract\ Value\_t}{T * UP}$$

Where:

X is the penalty factor, set according to the case where Missing Capacity was detected:

	unannounced unavailabiltiy 01/11/2025-1 – 31/10/2025	announced availabiltiy 01/04/2025-1 – 31/10/2025	announced unavailabilitiy 01/11/2025-1 – 31/03/2025
X	1	0	0,9

T is one of the following, according to the case where Missing Capacity was established:

- In case Missing Capacity was established during an Availability Test, the number of hours spanning the required duration of delivery for the Availability Test, rounded up;
- In case any of the prices declared as in section 9.3 are surpassed for an Energy-Constrained CMU, the number of SLA Hours;
- In all other cases, the number of AMT Hours in the considered AMT Moment.

UP is Elia's expectation of the number of AMT Moments where availability is verified. It is set at 15 for the current Delivery Period. It is an order of magnitude and in no way a limitation nor a minimum number of AMT Moments during which Elia shall effectively verify availability.

Total Contract Value_i is determined by the following formula:

$$Total\ Contract\ Value\_t = \frac{\sum_{i=1}^{N} Contract\ Value_i * Contracted\ Capacity_i}{\sum_{i=1}^{T} Contracted\ Capacity_i}$$

Where '*N*' is the number of Transactions (in Primary or Secondary Market) the CMU has a Contracted Capacity for the current AMT Hour for.

The total amount of Availability Penalties a Capacity Provider can receive for one (1) CMU, for one (1) Delivery Period and for Missing Capacity holding a Primary Market obligation, is limited to the awarded selected bid prices in the Auctions for the Delivery Period multiplied with the Contracted Capacities in the Auctions.

The total amount of Availability Penalties a Capacity Provider can receive for one CMU, for one month and for Missing Capacity stemming from a Primary Market obligation, is limited to 20% of the awarded selected Bid prices in the Auctions for the Delivery Period multiplied with the Contracted Capacities in the Auctions.

In case Missing Capacity over 20% of Obligated Capacity is established during three (3) separate AMT Moments and/or Availability Tests for the same CMU, Elia can issue a downwards revision of the Capacity Remuneration for that CMU proportional to the maximum Missing Capacity established during that period. The Capacity Provider however retains an Availability Obligation and remains liable to possible Availability Penalties for that CMU as in the original Capacity Contract. *Total Contract Value* is not altered. The original Capacity Remuneration is reinstated after the CMU has successfully provided its Obligated Capacity, corresponding to the Contracted Capacity and SLA in the primary contract, during three (3) consecutive AMT Moments or Availability Tests.

In case the CMU was subject to a downwards revision of Capacity Remuneration during two (2) subsequent Delivery Periods and the CMU each time failed to reinstate the original Capacity Remuneration (cf. supra) within 12 weeks of each revision, the CMU will lose the possibility to reinstate original Capacity Remuneration and all Capacity Contracts applying to Delivery Periods starting from the one covered by the first upcoming Y-1 Auction after applying this clause are terminated.

10 Secondary Market

10.1 Deployment timing and duration

The Secondary Market opening shall be ready at the latest one year prior to the first Delivery Period according to Art. 7undecies §8 of the Electricity Act.

In any case, no Secondary Market Transaction shall be notified towards Elia and the Contractual Counterparty within the 18 months after the first Y-4 Auction results. Before that date, Elia and the Contractual Counterparty will approve no Transaction.

The Secondary Market remains available until the end of the last Delivery Period.

10.2 Requirements & modalities for a Secondary Market Transaction

10.2.1 Contractual Requirements

The Seller of an Obligation has to be a Capacity Provider in order to participate to the Secondary Market on the Transaction Period.

The Buyer of an Obligation has to be a Prequalified CRM Candidate or a Capacity Provider in order to participate to the Secondary Market on the Transaction Period.

Capacity Providers or CRM Prequalified Candidates will be allowed to start to trade and notify Transactions on the Secondary Market. The validation of a transaction on Secondary Market by Elia and the Contractual Counterparty goes along with the signature of a Capacity Contract for the CRM Prequalified Candidates, as they only endorsed the Capacity Contract Framework at the time of their Prequalification Process.

In case of escalation process according to 10.3.4., contractual restrictions to the present Market Rules of the Secondary Market shall be applicable to the Capacity Provider (cf 10.3.4.).

10.2.2 Prequalification of the participating CMUs

All participating CMUs to the Secondary Market shall be successfully prequalified under the Prequalification Process. For the Buyer of an Obligation, only prequalified CMU with the status of "Existing Capacity" (prequalified following the standard Prequalification Process described in section 5.2.1) are authorized to participate to the Secondary Market. In this way, no participation with "Unproven Capacity" or "Additional Capacity" shall be possible for a Buyer of an Obligation.

The Seller of an Obligation is entitled to participate to the Secondary Market with CMUs with three possible status: Existing Capacity, Unproven Capacity and Additional Capacity.

Nor un-prequalified CMUs, neither any CMUs following the 'Fast-Track' Prequalification Process shall be eligible for the Secondary Market.

All transactions notified to Elia and the Contractual Counterparty with an un-prequalified CMU shall be rejected according to 10.2.9.

In case of escalation process according to 10.3.4., contractual restrictions to the present Market Rules of the Secondary Market shall be applicable to the CMU of a Capacity Provider (cf 10.3.4.).

10.2.3 Notification of a Secondary Market transaction

10.2.3.1 Content

The transaction subset of information that shall be required in the frame of a Secondary Market transaction notification is including but not limited to the following:

1) Identification of the Capacity Provider of the CMU releasing its obligation and considered as the Seller of an Obligation;
2) Identification of the CMU releasing its obligation
3) Identification of the Transaction from which the obligation shall be deducted of the CMU releasing its obligation
4) Identification of the Capacity Provider or Prequalified CRM Candidate of the CMU taking over the obligation and considered as the Buyer of an Obligation
5) Identification of the CMU taking over the obligation
6) The volume of the Secondary Market Capacity that is transferred
7) The Transaction Period indicating the start and end
8) The Capacity Remuneration of the identified Transaction of the CMU releasing its obligation
9) The Strike Price of the identified Transaction of the CMU releasing its obligation

The Transaction Date shall be determined and logged as the official notification acknowledgment of receipt (cf 10.2.7) timestamp (date and time) by Elia and the Contractual Counterparty.
Further practical arrangements of communication channel and processes shall be described in the Capacity Contract Framework.

10.2.4 Secondary Market Transaction Period

All Transactions granularity in terms of period covered by the transaction shall be of:

- Either, multiple of days where days start at 00:00 and finish at 00:00 not included of the day after.
- Or, multiple consecutive full hours in a day.

The time definition shall be the Belgian time (CET).

A Transaction Period should always start and end within the same Delivery Period.

No transactions are eligible for a period in time not covered by any Contracted Capacity in the CRM.

10.2.5 Ex-ante notification

An ex-ante transaction is to be considered notified before the identification of AMT Hours as specified in section 9.1 related to a Transaction Period.

The timestamp of notification acknowledgment of receipt (cf 10.2.9) from Elia and/or the Contractual Counterparty towards the Capacity Providers shall be used to determine the ex-ante status of a Transaction**.**

10.2.6 Ex-post notification

10.2.6.1 Ex-post notification modalities

An ex-post transaction shall be considered notified after the identification of AMT Hours as specified in section 9 related to a Transaction Period.

Ex-post Transactions shall be authorized up to 10 working days after the start of the Transaction Period, defined as an AMT Hour. After this deadline, any Transaction for that AMT Hour shall be rejected.

The timestamp of notification acknowledgment of receipt (cf 10.2.9) from Elia and/or the Contractual Counterparty towards the Capacity Providers shall settle the ex-post status of a Transaction**.**

10.2.6.2. Mandatory Ex-post Notification of an hourly transfer on Non-SLA Hours of Energy Constrained CMUs

Energy Constrained CMUs are allowed to trade and take over extra obligations in the Secondary Market outside of their SLA Hours.

All transaction notifications related to an Energy Constrained CMU and to precise hours within a Transaction Period shall only be accepted in the ex-post notification process.

The Secondary Market Capacity of a Secondary Market transaction for an Energy Constrained CMU on Non-SLA Hours shall only be based on Proven Availability.

10.2.7 Secondary Market Capacity of the transaction

10.2.7.1 Authorized Secondary Market Capacity for Non-Energy Constrained CMUs

The maximal authorized Secondary Market Capacity which can be acquired by a Non-Energy Constrained CMU of the Buyer of an Obligation willing to take over new obligation(s) in the Secondary Market for a defined Transaction Period is defined as follows:

$$Max(0\,;Nominal\ Reference\ Power\ (CMU,t) -\ Total\ Contracted\ Capacity\ (CMU,t) - [OptOut\ Volume(CMU,t) * Last\ Published\ Derating\ Factor(CMU)])$$

Where $OptOut\ Volume(CMU,t)$ is the volume that has resulted in a reduction of the CRM Required Volume (according to 6.3.2.).

The maximal authorized Secondary Market Capacity that a Non-Energy Constrained CMU of a Seller of an Obligation is allowed to release in the Secondary Market for a defined Transaction Period is defined as follows:

$$Max\big(0\,;Total\ Contracted\ Capacity(CMU,t)\big)$$

10.2.7.2 Authorized Secondary Market Capacity for Energy Constrained CMUs on their SLA Hours

The maximal authorized Secondary Market Capacity an Energy Constrained CMU of a Buyer of an Obligation is allowed to take over in the Secondary Market during a defined Transaction Period for its SLA Hours, is defined as follows:

$$Max\left(0\,;[Nominal\ Reference\ Power\ (CMU,t) - [\frac{Total\ Contracted\ Capacity(CMU,t)}{Derating\ Factor\ (CMU,t)}] - OptOut\ Volume(CMU,t)] * Last\ Published\ Derating\ Factor(CMU)\right)$$

Where $OptOut\ Volume(CMU,t)$ is the volume that has resulted in a reduction of the CRM Required Volume (according to 6.3.2.).

Where $Derating\ Factor(CMU,t)$ is defined in 11.6.

The maximal authorized Secondary Market Capacity an Energy Constrained CMU of a Seller of an Obligation is allowed to release in the Secondary Market during a defined Transaction Period for its SLA Hours is defined as follows:

$$Max\big(0\,;Total\ Contracted\ Capacity(CMU,t)\big)$$

10.2.7.3 Authorized Secondary Market Capacity for Energy Constrained CMUs on their Non-SLA Hours

The maximal authorized Secondary Market Capacity an Energy Constrained CMU of a Buyer of an Obligation is allowed to take over in the Secondary Market during a defined Transaction Period on its Non-SLA Hours is defined as follows:

$$Max\big(0\,;Nominal\ Reference\ Power\ (CMU,t) - \ Total\ Contracted\ Capacity\ (CMU,t)\big)$$

The maximal authorized Secondary Market Capacity an Energy Constrained CMU of a Seller of an Obligation is allowed to release in the Secondary Market for a defined Transaction Period, on its Non-SLA Hours is defined as follows:

$$Max\big(0\,;Total\ Contracted\ Capacity(CMU,t)\big)$$

10.2.8 Strike Price and Capacity Remuneration of the Secondary Market transaction

The Seller of an Obligation shall communicate in the notification subset of 10.2.3.1 the Capacity Remuneration and the Strike Price of its identified Transaction of the CMU releasing its obligation.
The Buyer of an Obligation shall communicate in the notification subset of 10.2.3.1, the same information, the Capacity Remuneration and the Strike Price of the identified Transaction of the CMU releasing the obligation.

The communicated Capacity Remuneration and Strike Price shall be consistent with the identified Transaction of the CMU releasing its obligation original Capacity Remuneration and Strike Price.
Accordingly, all Transactions notified to Elia and the Contractual Counterparty with an incorrect Capacity Remuneration and/or an incorrect Strike Price shall be rejected according to 10.2.9.

10.2.9 Validation & confirmation of the Secondary Market transactions

Elia and/or the Contractual Counterparty shall acknowledge the reception (acknowledgement of receipt) of the transaction details at notification and perform all the required feasibility checks related to the present Chapter 10.2 Market Rules as set out in the Capacity Contract including but not limited to:

- The contractual status of the Capacity Providers (signed Capacity Contract) or Prequalified CRM Candidates (Signed Capacity Contract Framework) according to 10.2.1
- The prequalification status of the CMUs according to 10.2.2 (Existing Capacity, Additional Capacity or Unproven Capacity)
- The completeness and coherence of the content and the channel of communication according to 10.2.3
- The Secondary Market Transaction Period according to 10.2.4
- The ex-ante / ex-post status according to respectively 10.2.5 and 10.2.6.
- The Secondary Market Capacity and its feasibility on both CMUs according to 10.2.7
- The Capacity Remuneration and the Strike Price of the identified Transaction of the CMU releasing its obligation according to 10.2.8

Simultaneous requests being sent to Elia and the Contractual Counterparty shall be sorted by their notification acknowledgment of receipt time stamp (equal to Transaction Date) for the treatment. The above mentioned checks shall occur one by one, Transaction by Transaction, in a "first-in first-out" approach.

Within a period of 5 working days after the notification acknowledgment of receipt, Elia and the Contractual Counterparty shall ensure the feasibility of the Transaction and send a confirmation for approval or a rejection for disapproval towards:

1) The Seller of the Obligation
2) The Buyer of the Obligation
3) The Exchange, in case of an Exchange transaction

In case of approval of the Transaction, Elia and the Contractual Counterparty shall validate it and send a confirmation to the relevant parties following the procedure set out in the Capacity Contract. The Secondary Market Transaction Date shall be the notification acknowledgment of receipt time stamp.

In case of an unsuccessful Transaction, Elia and the Contractual Counterparty shall reject it and provide the reason of the rejection.

The approved Secondary Market Transaction implies a full transfer of the obligation of the Secondary Market Capacity on the Transaction Period from the Seller of the Obligation towards the Buyer of the Obligation as of the Transaction confirmation date. Until then or in case of rejection, the Seller of the Obligation remains responsible for the ongoing Secondary Market Capacity.

10.3 Contractual impact of a Secondary Market Transaction

10.3.1 Transaction Impact on the Contracted Capacities of a CMU

According to 10.2.7, for the approved Secondary Market Transaction, for the CMU taking over an obligation (with its Buyer of an Obligation), a new Transaction is created with a Contracted Capacity equivalent to the Secondary Market Capacity on the Transaction Period.

According to 10.2.7, for the approved Secondary Market Transaction, for the CMU releasing an obligation (with its Seller of an Obligation) previous Transaction from which the obligation shall be deducted as mentioned in the dataset, shall be updated by deducting the Secondary Market Capacity to the previous Contracted Capacity of the Transaction releasing its obligation according to 10.2.3.1 on the Transaction Period.

10.3.2 Capacity Remuneration transfer

In accordance with 10.3.1., Elia and the Contractual Counterparty shall be notified of the Capacity Remuneration of the Secondary Market transaction in the subset according to 10.2.3.1.

According to 10.2.8., the Capacity Remuneration notified shall be equal to the Capacity Remuneration of the transaction of the CMU releasing its obligation through the Secondary Market and expressed in €/MW/year.

For the Transaction Period, the Buyer of an Obligation shall be remunerated by the Contractual Counterparty for the Secondary Market Capacity instead of the Seller of the Obligation, this using the Capacity Remuneration which has been meanwhile transferred in the Secondary Market Transaction subset according to 10.2.3.1 and in application of the settlement and invoicing process foreseen in the Capacity Contract Framework.

For the Transaction Period, the Seller of an Obligation of the Transaction releasing its obligation (according to 10.2.3.1.) shall be no longer remunerated by the Contractual Counterparty for the Secondary Market Capacity.

10.3.3 Secondary Market Transaction Payback Obligation

10.3.3.1 Strike price associated to a Secondary Market Transaction

The Strike Price mentioned in the transaction notification towards Elia and the Contractual Counterparty according to 10.2.3.1. is the Strike Price of the Contracted Capacity of the CMU releasing its obligation in the Secondary Market Transaction.

In accordance with 10.2.8. and 10.3.1., the Strike Price that shall apply on the CMU taking over an obligation for its Payback Obligation on the Secondary Market Capacity shall be the Strike Price mentioned in the transaction notification towards Elia and the Contractual Counterparty according to 10.2.3.1.

The Strike Price applicable to the Contracted Capacity of a CMU releasing its obligation in the Secondary Market Transaction shall remain unchanged.

10.3.3.2 Absence of Stop-Loss on Payback Obligation impact of Secondary Market transaction

No Stop-Loss is foreseen for the Payback Obligations of the Contracted Capacities contracted in the framework of the Secondary Market.

10.3.4 Contract escalation in case of recurring non-delivery on the obligations following a Secondary Market transaction

After three (3) consecutive underperformances resulting in a Missing Capacity of more than 20% of the Obligated Capacity, a first escalation shall occur with a suspension of the CMU for further Transactions to acquire obligations on the Secondary Market while, at the same time, the Availability Obligations, Penalties & Payback Obligation remain at the Total Contracted Capacity level.

If the Capacity Provider fails to recover the Obligated Capacity level within 20 working days, a termination clause shall be activated with the specifics that the Capacity Provider remains responsible for the Availabilities Obligations, Penalties & Payback Obligations of the Obligated Capacities prior to the clause activation and with a possible suspension of further Transactions for the Capacity Provider (or from other subsidiaries of the mother company of the Capacity Provider) on the remainder of the current Delivery Period, the next Delivery Period and the next upcoming Y-4 and Y-1 Auctions. Only after those, the Capacity Provider can participate again if successfully prequalified.

11 Payback Obligation

The Payback Obligation is a re-imbursement calculated per CMU, for each hour t of the Delivery Period for which the CMU has, at least, an active Transaction with a Contracted Capacity for the hour t defined as $Payback\ Obligation\ (CMU, t)$ and is expressed in (€/h). All settlement details related to the Payback Obligation shall be part of the Capacity Contract.

11.1 Payback Obligation formula of the CMU with Daily Schedule

11.1.1 Non-Energy Constrained CMU

The Payback Obligation for a CMU with Daily Schedule and considered as Non-Energy Constrained CMU is equal to the sum on each of its Transactions in the Primary Market & Secondary Market on the considered period of the multiplication of the following elements:

- the positive difference between the Reference Price and the Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – Strike Price(Transaction id))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Transaction for the same hour, expressed as *Contracted Capacity(CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*

$$Payback\ Obligation\ (CMU, t) = \left(\sum_{i=1}^{n} Max(0\ ; Reference\ Price\ (CMU, t) - \ Strike\ Price\ (Transaction_i)) * \ Contracted\ Capacity\ (CMU, Transaction_i, t) * Availability\ Ratio\ (CMU, t) \right)$$

Where i and n represent respectively the Primary and Secondary Markets Transactions contracted on the hour and the number of Primary and Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is further described in 11.5.

11.1.2 Energy Constrained CMU on its SLA Hours

The Payback Obligation for a CMU with Daily Schedule and considered as Energy Constrained CMU on the SLA Hours considered period is equal to the sum on each of its Transactions in the Primary Market & Secondary Market of the multiplication of the following elements:

- the positive difference between the Reference Price and the Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – Strike Price(Transaction id))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Transaction for the same hour, expressed as *Contracted Capacity (CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*,

- divided by the CMU De-Rating Factor of the Transaction, expressed as *Derating Factor (CMU, Transaction id)*

$$Payback\ Obligation\ (CMU,t) = \left(\sum_{i=1}^{n} Max(0\ ;Reference\ Price\ (CMU,t) -\ Strike\ Price\ (Transaction_i)) * [\frac{Contracted\ Capacity(CMU,Transaction_i,t)}{Derating\ Factor(CMU,Transaction_i)}] * Availability\ Ratio\ (CMU,t)\right)$$

Where i and n represent respectively the Primary and Secondary Markets Transactions contracted on the hour and the number of Primary and Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU,t)$ is further described in 11.3.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU,t)$ is described in 11.5.

The $Derating\ Factor\ (CMU,t)$ is described in 11.6.

11.1.3 Energy Constrained CMU on its Non-SLA Hours

According to 10.2.6.5., Secondary Market Transactions on the Non-SLA Hours of the Energy Constrained CMUs are authorized in ex-post.

The Payback Obligation for a CMU with Daily Schedule and considered as Energy Constrained CMU on the Non-SLA Hours considered period is equal to the sum on each of its Transactions in the Secondary Market of the multiplication of the following elements:

- the positive difference between the Reference Price and the Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – Strike Price(Transaction id))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Secondary Market Transaction for that specific hour, expressed as *Contracted Capacity (CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*

$$Payback\ Obligation\ (CMU,t) = \left(\sum_{i=1}^{j} Max(0\ ;Reference\ Price\ (CMU,t) -\ Strike\ Price\ (Transaction_i)) *\ Contracted\ Capacity\ (CMU,Transaction_i,t) * Availability\ Ratio\ (CMU,t)\right)$$

Where i and j represent respectively the Secondary Markets Transactions contracted on the hour and the number of Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU,t)$ is further described in 11.3.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

11.2 Payback Obligation formula of the CMU without Daily Schedule

11.2.1 Non-Energy Constrained CMU

The Payback Obligation for a CMU without Daily Schedule and considered as Non-Energy Constrained CMU is equal to the sum on each of its Transactions in the Primary Market & Secondary Market on the considered period of the multiplication of the following elements:

- the positive difference between the Reference Price and, the maximum between CMU DMP and Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – max(DMP(CMU,t); Strike Price(Transaction id)))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Transaction for the same hour, expressed as *Contracted Capacity(CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*

$$Payback\ Obligation\ (CMU, t) = \left(\sum_{i=1}^{n} Max(0\ ; Reference\ Price\ (CMU, t) - \max(DMP(CMU, t); Strike\ Price\ (Transaction_i))) * Contracted\ Capacity\ (CMU, Transaction_i, t) * Availability\ Ratio\ (CMU, t) \right)$$

Where i and n represent respectively the Primary and Secondary Markets Transactions contracted on the hour and the number of Primary and Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.3.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is further described in 11.5.

11.2.2 Energy Constrained CMU on its SLA Hours

The Payback Obligation for a CMU with Daily Schedule and considered as Energy Constrained CMU on the SLA Hours considered period is equal to the sum on each of its Transactions in the Primary Market & Secondary Market of the multiplication of the following elements:

- the positive difference between the Reference Price and, the maximum between CMU DMP and Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – max(DMP(CMU,t); Strike Price(Transaction id)))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Transaction for the same hour, expressed as *Contracted Capacity(CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*,

- divided by the CMU De-Rating Factor of the Transaction, expressed as *Derating Factor (CMU, Transaction id)*

$$Payback\ Obligation\ (CMU,t) = \left(\sum_{i=1}^{n} Max(0\ ;Reference\ Price\ (CMU,t) - \max(DMP(CMU,t);Strike\ Price\ (Transaction_i))) * [\frac{Contracted\ Capacity(CMU,Transaction_i,t)}{Derating\ Factor(CMU,Transaction_i)}] * Availability\ Ratio\ (CMU,t)\right)$$

Where i and n represent respectively the Primary and Secondary Markets Transactions contracted on the hour and the number of Primary and Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU,t)$ is further described in 11.3.

The $DMP(CMU,t)$ is described in 9.3.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU,t)$ is described in 11.5.

The $Derating\ Factor\ (CMU,t)$ is described in 11.6.

11.2.3 Energy Constrained CMU on its Non-SLA Hours

According to 10.2.6.2., Secondary Market Transactions on the Non-SLA Hours of the Energy Constrained CMUs are authorized in ex-post.

The Payback Obligation for a CMU with Daily Schedule and considered as Energy Constrained CMU on the Non-SLA Hours considered period is equal to the sum on each of its Transactions in the Secondary Market of the multiplication of the following elements:

- the positive difference between the Reference Price and, the maximum between CMU DMP and Strike Price of the Transaction for an hour, expressed as *max(0; Reference Price (CMU, t) – max(DMP(CMU,t); Strike Price(Transaction id)))*, where *Transaction(id)* is the Transaction unique identifier.

- multiplied by the Contracted Capacity of the Secondary Market Transaction for that specific hour, expressed as *Contracted Capacity(CMU, Transaction id, t)*,

- multiplied by the Availability Ratio of the CMU for the same hour, expressed as *Availability Ratio (CMU, t)*

$$Payback\ Obligation\ (CMU,t) = \left(\sum_{i=1}^{j} Max(0\ ;Reference\ Price\ (CMU,t) - \max(DMP(CMU,t);Strike\ Price\ (Transaction_i))) * Contracted\ Capacity\ (CMU,Transaction_i,t) * Availability\ Ratio\ (CMU,t)\right)$$

Where i and j represent respectively the Secondary Markets Transactions contracted on the hour and the number of Secondary Markets Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.3.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

11.3 Reference Price of a CMU

The Reference Price is defined as a parameter of a CMU, is expressed as *Reference Price (CMU, t)* and is observed for each hour *t* in the related Day Ahead Market hourly prices.

11.3.1 Reference Price initial choice

Following the Royal Decree Methodology Art 17 of the CRM, the Capacity Provider or Prequalified CRM Candidate shall choose in the Prequalification Process of its CMU a NEMO active in the Belgian Day-Ahead Markets. The Reference Price that shall be used in the Payback Obligation calculation of the CMU is observed in the Day Ahead Market prices of the chosen NEMO.

11.3.2 Reference Price modification

The Capacity Provider or Prequalified CRM Candidate of a CMU makes its initial choice of NEMO for the Reference Price during the Prequalification Process. The Capacity Provider may notify a change of NEMO. Once a change is notified to Elia and the Contractual Counterparty, it becomes applicable in the Payback Obligation calculation 10 Working Days after the notification reception date without retroactive effect.

If a price value of the NEMO selected for the unit by the Capacity Provider is unavailable for a given period, the price value of the Day-Ahead Market CMU's NEMO shall be replaced by the value of the Day-Ahead Market Price for the considered period published by Elia.

11.4 Strike Price of a CMU Transaction

The Strike Price is defined as a parameter of a Transaction and expressed as *Strike Price(Transaction(id))*, where *Transaction(id)* is the Transaction unique identifier.

As defined in the Royal Decree Methodology Art 18 of the CRM, the Declared Market Price $DMP(CMU, t)$ (defined in 9.2.1.) of the Energy Constrained CMUs shall replace the Strike Price of the CMU Transaction in the Payback Obligation of 11.2 if this first one is above the Strike Price of the CMU Transaction.

11.4.1 Strike Price of a CMU Primary Market Transaction

As defined in the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019 Art 18, a Strike Price shall be applicable in the Payback Obligation to all Transactions of the Primary Market contracted at the same date, the Primary Auction results publication date. The Strike Price is the latest Calibrated Strike Price published at that date.

For the Contracted Capacities of the Primary Market Transactions covering more than one delivery Period, the Strike price of the Transaction shall not be updated.

11.4.2 Strike Price of a CMU Secondary Market Transaction

As defined in the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019 Art 18 , an individual Strike price shall be applicable in the Payback Obligation to a Transaction of the Secondary Market. According to the Market Rules on the Secondary Market (cf 10.2.3.1), the CMU Secondary Market Transaction Strike Price is the Strike Price element mentioned in the Transaction notification towards Elia and the Contractual Counterparty.

The Strike Price of a Secondary Market Transaction shall not be updated.

11.5 Availability Ratio in the Payback Obligation

As defined in the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019 Art 15 Methodology, the CMU (partially or entirely) unavailable shall be exempted of Payback Obligation at the height of the unavailability duly communicated towards Elia before the AMT events identification. The Availability Ratio value is the percentage of CMU Available Capacity divided by the Total Contracted Capacity of the CMU, shall be always lying between 0 and 1, and shall be rounded down with 3 digits after the comma.

11.5.1 Availability Ratio for the non-Energy Constrained CMU

The Availability Ratio of the CMU for an hour t expressed as Availability Ratio (t) is defined as follows:

$$Min(1; \frac{Available\ Capacity\ (CMU, t)}{Total\ Contracted\ Capacity\ (CMU, t)})$$

Where $Available\ Capacity\ (CMU, t)$is described in 9.5.

11.5.2 Availability Ratio for the Energy Constrained CMU on its SLA Hours

The Availability Ratio of the CMU for an hour t expressed as Availability Ratio (t) is defined as follows:

$$Min(1; \frac{Available\ Capacity\ (CMU, t)}{[\frac{Total\ Contracted\ Capacity\ (CMU, t)}{Derating\ Factor\ (CMU, t)}]})$$

Where $Available\ Capacity\ (CMU, t)$is described in 9.5.

Where $Derating\ Factor\ (CMU, t)$ is described in 11.6.

11.5.3 Availability Ratio for the Energy Constrained CMU on its Non-SLA Hours

According to 10.2.6.5., Secondary Market transactions on the Non-SLA Hours of the Energy Constrained CMUs are authorized in ex-post.

The Availability Ratio of the CMU for an hour t expressed as Availability Ratio (t) is defined as follows:

$$Min(1; \frac{Available\ Capacity\ (CMU, t)}{Total\ Contracted\ Capacity\ (CMU, t)})$$

Where $Available\ Capacity\ (CMU, t)$is described in 9.5.

11.6 De-rating Factor in the Payback Obligation and its modalities for the Energy Constrained CMUs on its SLA Hours

For a Transaction of a CMU, the associated Derating Factor is fixed and shall not be updated. It is expressed as *Derating Factor (CMU, Transaction)*.

The Derating Factor which is applicable in the Availability Ratio formula of 11.5, expressed as *Derating Factor (CMU, t)* is defined as follows:

$$Derating\ Factor\ (CMU, t) = \frac{\left(\sum_{i=1}^{n}\ Contracted\ Capacity\ (CMU, Transaction_i, t) * Derating\ Factor\ (CMU, Transaction_i)\right)}{Total\ Contracted\ Capacity\ (CMU, t)}$$

Where $Derating\ Factor\ (CMU, Transaction_i)$ is the Derating Factor contractually associated to the Transaction in the Capacity Contract.

11.7 Stop-Loss mechanism on the Payback Obligation

As defined in the Royal Decree Methodology as submitted for advise by Elia on 22 November 2019 Art 15, the sum of all Payback Obligations related to Primary Market Transactions on the Delivery Period will not exceed a Stop-Loss contractual amount equal to the sum of all Capacity Remunerations for the Contracted Capacities of the Primary Market for the Delivery Period.

All settlement details related to the Stop-Loss shall be part of the Contract.

11.7.1 Stop-Loss mechanism on the Payback Obligation of a non-Energy Constrained CMU with Daily Schedule

The components of the Stop-Loss mechanism applied in the framework of the Payback Obligation for a Non-Energy Constrained CMU with Daily Schedule for a Delivery Period are defined as follows:

A first calculation of the Stop-Loss Contractual amount on the Delivery Period (cf Capacity Contract) shall be:

$$StopLoss\ Amount\ (CMU, Delivery\ Period) = \sum_{t=1}^{w}\left(\sum_{i=1}^{k} Contracted\ Capacity\ (CMU, Transaction_i, t) * \frac{Capacity\ Remuneration(CMU, Transaction_i)}{NumberOfHoursOnDeliveryPeriod}\right)$$

Where $NumberOfHoursOnDeliveryPeriod$ is the number of hours on the Delivery Period.

And for the Delivery Period, the CMU Payback Obligations related to its Primary Market Transactions shall not exceed the Stop-Loss Contractual amount,

$$\sum_{t=1}^{w}\left(\sum_{i=1}^{k} Max(0\ ; Reference\ Price\ (CMU, t) - Strike\ Price\ (Transaction_i)) * Contracted\ Capacity\ (CMU, Transaction_i) * Availability\ Ratio\ (CMU, t)\right) \leq StopLoss\ Amount\ (CMU, Delivery\ Period)$$

Where $t\ and\ w$ respectively, represent the hours of a Delivery Period and the number of hours on a Delivery Period.

Where $i\ and\ k$ respectively, represent the Primary Market Transactions contracted on the hour and the number of Primary Market Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.2.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

11.7.2 Stop-Loss mechanism on the Payback Obligation of an Energy Constrained CMU with Daily Schedule

The components of the Stop-Loss mechanism applied in the framework of the Payback Obligation for an Energy Constrained CMU with Daily Schedule for a Delivery Period are defined as follows:

A first calculation of the Stop-Loss Contractual amount on the Delivery Period (cf Capacity Contract) shall be:

$$StopLoss\ Amount\ (CMU, Delivery\ Period) = \sum_{j=1}^{w} \left(\sum_{i=1}^{k} Contracted\ Capacity\ (CMU, Transaction_i, t) * \frac{Capacity\ Remuneration(CMU, Transaction_i)}{NumberOfHoursOnDeliveryPeriod} \right)$$

Where $NumberOfHoursOnDeliveryPeriod$ is the number of hours on the Delivery Period.

And for the Delivery Period, the CMU Payback Obligations related to its Primary Market Transactions shall not exceed the Stop-Loss Contractual amount,

$$\sum_{t=1}^{v} \left(\sum_{i=1}^{k} Max(0\ ; Reference\ Price\ (CMU, t) - \ Strike\ Price\ (Transaction_i)) * [\frac{Contracted\ Capacity(CMU, Transaction_i, t)}{Derating\ Factor(CMU, Transaction_i)}] * Availability\ Ratio\ (CMU, t) \right) \leq StopLoss\ Amount\ (CMU, Delivery\ Period)$$

Where $j\ and\ w$ respectively, represent the hours of a Delivery Period and the number of hours on a Delivery Period.

Where $t\ and\ v$ respectively, represent the SLA Hours of a Delivery Period and the number of SLA Hours on a Delivery Period.

Where $i\ and\ k$ are respectively, represent the Primary Market Transactions contracted on the hour and the number of Primary Market Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.2.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

Where $Derating\ Factor\ (CMU, t)$ is described in 11.6.

11.7.3 Stop-Loss mechanism on the Payback Obligation of a non-Energy Constrained CMU without Daily Schedule

The components of the Stop-Loss mechanism applied in the framework of the Payback Obligation for a Non-Energy Constrained CMU without Daily Schedule for a Delivery Period are defined as follows:

A first calculation of the Stop-Loss Contractual amount on the Delivery Period (cf Capacity Contract) shall be:

$$StopLoss\ Amount\ (CMU, Delivery\ Period) = \sum_{t=1}^{w} \left(\sum_{i=1}^{k} Contracted\ Capacity\ (CMU, Transaction_i, t) * \frac{Capacity\ Remuneration(CMU, Transaction_i)}{NumberOfHoursOnDeliveryPeriod} \right)$$

Where $NumberOfHoursOnDeliveryPeriod$ is the number of hours on the Delivery Period.

And for the Delivery Period, the CMU Payback Obligations related to its Primary Market Transactions shall not exceed the Stop-Loss Contractual amount,

$$\sum_{t=1}^{w} \left(\sum_{i=1}^{k} Max(0\ ; Reference\ Price\ (CMU, t) - \max(DMP(CMU, t); Strike\ Price\ (Transaction_i))) * Contracted\ Capacity\ (CMU, Transaction_i) * Availability\ Ratio\ (CMU, t) \right) \leq StopLoss\ Amount\ (CMU, Delivery\ Period)$$

Where $t\ and\ w$ respectively, represent the hours of a Delivery Period and the number of hours on a Delivery Period.

Where $i\ and\ k$ respectively, represent the Primary Market Transactions contracted on the hour and the number of Primary Market Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.2.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

11.7.4 Stop-Loss mechanism on the Payback Obligation of an Energy Constrained CMU without Daily Schedule

The components of the Stop-Loss mechanism applied in the framework of the Payback Obligation for an Energy Constrained CMU without Daily Schedule for a Delivery Period are defined as follows:

A first calculation of the Stop-Loss Contractual amount on the Delivery Period (cf Capacity Contract) shall be:

$$StopLoss\ Amount\ (CMU, Delivery\ Period) = \sum_{j=1}^{w} \left(\sum_{i=1}^{k} Contracted\ Capacity\ (CMU, Transaction_i, t) * \frac{Capacity\ Remuneration(CMU, Transaction_i)}{NumberOfHoursOnDeliveryPeriod} \right)$$

Where $NumberOfHoursOnDeliveryPeriod$ is the number of hours on the Delivery Period.

And for the Delivery Period, the CMU Payback Obligations related to its Primary Market Transactions shall not exceed the Stop-Loss Contractual amount,

$$\sum_{t=1}^{v} \left(\sum_{i=1}^{k} Max(0\ ; Reference\ Price\ (CMU, t) - \max(DMP(CMU, t); Strike\ Price\ (Transaction_i))) * [\frac{Contracted\ Capacity(CMU, Transaction_i, t)}{Derating\ Factor(CMU, Transaction_i)}] * Availability\ Ratio\ (CMU, t) \right) \leq StopLoss\ Amount\ (CMU, Delivery\ Period)$$

Where $j\ and\ w$ are respectively, the hours of a Delivery Period and the number of hours on a Delivery Period.

Where $t\ and\ v$ respectively represent, the SLA Hours of a Delivery Period and the number of SLA Hours on a Delivery Period.

Where $i\ and\ k$ respectively represent, the Primary Market Transactions contracted on the hour and the number of Primary Market Transactions contracted on the hour.

The $Reference\ Price\ (CMU, t)$ is further described in 11.3.

The $DMP(CMU, t)$ is described in 9.2.1.

The $Strike\ Price\ (Transaction_i)$ is further described in 11.4.

The $Availability\ Ratio\ (CMU, t)$ is described in 11.5.

Where $Derating\ Factor\ (CMU, t)$ is described in 11.6.

12 Bank Guarantee

12.1 General Provisions

Related to a participation to Primary Market
Prior to any possible Bid submission and as part of its prequalification file, a prequalified CRM candidate shall provide a conditional bank guarantee issued by a recognized financial institution corresponding to 20.000,00 € multiplied by its Eligible Volume.

The bank guarantee will become effective provided that the Prequalified CRM Candidate is selected in the Auction. The definition of a recognized financial institution, along with the minimal rating it shall correspond to, will be fixed in the Capacity Contract Framework.

From auction award notification, the selected Prequalified CRM Candidate shall sign the Capacity Contract along with the provision of the bank guarantee to amount to 20.000,00 € multiplied by the Contracted Capacity.

In case no Capacity Contract is signed within 20 Working Days or in case the bank guarantee is not provisioned as required, Elia entitled to suspend the concerned Prequalified CRM Candidate and/or the related CMU(s) for a participation in the forthcoming Auction.

The bank guarantee shall be irrevocable, unconditional and non-transferable. Furthermore, the bank guarantee shall be on first demand.

Related to a participation to the Secondary Market
No bank guarantee is required prior to a possible participation to Secondary Market as only Capacities eligible to participate as Buyer of an Obligation are the ones prequalified as Existing Capacities (hence the ones for which Elia or the concerned DSO has been able to measure the Nominal Reference Power).

12.2 Form and amount

The conditional bank guarantee provided during the Prequalification Process shall correspond to 20.000,00 € multiplied by its Eligible Volume as no Contracted Capacity is known by then and shall be provided with respect to the specific template provided in the Capacity Contract Framework.

After auction notification, the amount of the bank guarantee shall be equal to an amount of 20.000,00 € per MW of the Contracted Capacity granted. In case the Contracted Capacity granted is lower than the Eligible Volume, the bank guarantee is released for the amount equal to the positive difference between the Eligible Volume and the Contracted Capacity, multiplied by 20.000,00 €.

An alternative (e.g. parent company guarantee) may be accepted by Elia provided it comes from an entity with the same (or better) rating than the one accepted for the recognized financial institution and set in the Capacity Contract Framework.

The Prequalified CRM Candidate or the Capacity Provider can decide to provide one bank guarantee covering each prequalified CMU up to their Eligible Volume (for the conditional bank guarantee) or their Contracted Capacity (for the bank guarantee confirmed after Auction) or one separate bank guarantee for each CMU. Anyhow, ELIA shall apply the penalties detailed in section 8.3.2 on the CMU level.

12.3 Duration

The bank guarantee shall remain valid as long as the Reference Power of the Contracted Capacity it is related to is not verified by Elia prior to the start of Delivery Period following requirements detailed in section 8.

12.4 Partial release

For Additional Capacities and Unproven Capacities and based on the information given by the Capacity Provider in its quarterly monitoring reports, the amount covered by the bank guarantee shall be reduced in time. The key milestones and associated information used by Elia to confirm a possible amount reduction will be fixed in the Capacity Contract Framework for each Capacity status.

13 Transparency

13.1 Results of Auction

Elia shall, for each conducted Auction, publish a report with information as specified in this chapter, after Auction closure, i.e. by 31 October or the next working day if 31 October is a non-working day.

13.1.1 Auction clearing price & cross-border price information

The report shall contain information on the Auction clearing price that is, regardless of the Auction pricing rule as specified in section 7.4.3, determined as the highest Bid Price among the selected Bids in line with the Auction clearing rules specified in section 7.4. This price shall be expressed in €/MW/year.

The report shall, for each cross-border country from which Capacity Holders participate to the Belgian CRM, publish the highest Bid Price among the selected Bids in this cross-border country. These prices shall be expressed in €/MW/year.[5]

13.1.2 Capacity volume information

13.1.2.1 Offered and selected Capacity

The report shall contain information on the capacity volumes that have been offered into the Auction through Bids submitted in the Auction Platform according to the rules specified in section 7.3. These offered capacity volumes expressed in MW (derated) shall be separately aggregated by:

- Capacity Contract Duration;
- Capacity Statutes (Existing Capacity, Additional Capacity or Unproven Capacity)
- Technology classes, in line with the derating categories determined by means of Ministerial Decree implementing Art. 7undecies, §2 of the Electricity Act;
- Country;
- TSO-connected vs. DSO-connected vs. Unproven Capacity.

The report shall contain information on the capacity volumes that have been selected in line with the Auction clearing rules specified in section 7.4. These selected capacity volumes expressed in MW (derated) shall be separately aggregated by:

- Capacity Contract Duration;
- Capacity Statutes (Existing Capacity, Additional Capacity or Unproven Capacity)
- Technology classes, in line with the derating categories determined by means of Ministerial Decree implementing Art. 7undecies, §2 of the Electricity Act;
- Country;
- TSO-connected vs. DSO-connected vs. Unproven Capacity.

[5] Disclaimer: Given that the Royal Decree on eligibility criteria related to Direct and Indirect cross-border participation in the CRM was not yet available at the time of writing, cross-border related aspects are not yet fully taken into account in the Market Rules. For future reference, the Market Rules will reflect and further detail the elements set out in the Royal Decree.

13.1.2.2 Opt-Out Volumes

The report shall contain information on the Opt-Out Volumes as determined during the Prequalification Process in line with chapter 5.2 and publish:

- The total Opt-Out Volume associated with a definitive notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, expressed in MW (non-derated);
- The total Opt-Out Volume associated with a temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, expressed in MW (non-derated);
- The total Opt-Out Volume without a notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, split into the volume contributing to adequacy (category "IN") and the volume not contributing to adequacy (category "OUT"), expressed in MW (non-derated);
- The total Opt-Out Volume that is assumed contributing to adequacy, which may include Opt-Out Volumes associated with a temporary notification for closure or a structural reduction of capacity as referred to in Art. 4bis of the Electricity Act, depending on the type (Y-4 or Y-1) of Auction, expressed in MW (derated).

13.1.3 Bid information

The report shall contain information on the valid Bids that have be submitted into the Auction according to the rules specified in section 7.3 and publish, for both the set of submitted and selected Bids separately:

- Bid volume weighted average price of Bids, expressed in €/MW/year;
- Average capacity volume of all Bids, expressed in MW;
- The total number of Bids;
- The total number of CMUs;
- The total number of unique bidders.

13.2 Pre-delivery monitoring report

On a yearly basis, Elia shall publish a report that contains information on the capacities that are included in the pre-delivery monitoring process as referred to in chapter 8. The total capacity volume, as well as the capacity volume that is delayed and the capacity volume that will not be developed anymore shall be published. These volumes shall be expressed in MW.

13.3 CRM report for a Delivery Period

Next to the publication of the results of the Auction, Elia shall publish, no later than 6 months before the Delivery Period, a yearly report related to the main figures of the CRM Delivery Period This yearly report will include, among others, the following elements:

- Total Contracted Capacities in the Y-4 and Y-1 Auctions for the Delivery Period.
- Contracted Capacities coming from Direct and/or Indirect Cross-border Contributions for the Delivery Period.
- The yearly Calibrated Strike Price applicable to the Delivery Period
- The yearly intermediate Price Cap applicable to the Delivery Period

14 Modalities of exchange of information

14.1 Necessary data exchange between Elia and the Capacity Provider

In addition to the data exchanges described in these Market Rules, the modalities related to the necessary exchange of information between Elia and the Capacity Provider shall be further detailed in the Capacity Contract.

14.2 Necessary data exchange between Elia and other parties

To the extent other parties (e.g. CREG, FPS Economy, Fluxys, DSO, Contractual Counterparty,…) have to exchange data with Elia in the context of the CRM in addition to the data exchanges described in this document, Elia shall in collaboration with these parties set up the necessary arrangements facilitating this data exchange.