

WG Adequacy #5 - Meeting report

Thursday 17th February 2022

Meeting	
Date	17.02.2022
Organiser	James Matthys-Donnadieu

Participants		Attended
Alboort Philippe	Arcelor Mittal	<input checked="" type="checkbox"/>
Baudhuin Serge	ENECO	<input checked="" type="checkbox"/>
Baugnet Christophe	ENGIE	<input checked="" type="checkbox"/>
Catrycke Mathilde	ENGIE Benelux	<input checked="" type="checkbox"/>
Chafaqi Laïla	LUMINUS	<input checked="" type="checkbox"/>
Claes Peter	FEBELIEC	<input checked="" type="checkbox"/>
Coppin Xavier	ENGIE	<input checked="" type="checkbox"/>
Debaere Elias	YUSO	<input checked="" type="checkbox"/>
Debrigode Patricia	CREG	<input checked="" type="checkbox"/>
De Brouwer Paul	Centrica Business Solutions	<input checked="" type="checkbox"/>
Dedecker Gunnar	ENGIE	<input checked="" type="checkbox"/>
Gerkens Benoît	CREG	<input checked="" type="checkbox"/>
Gorleer Wim	BASF	<input checked="" type="checkbox"/>
Harlem Steven	LUMINUS	<input checked="" type="checkbox"/>
Kormoss Aymeric	EOLY Energy	<input checked="" type="checkbox"/>
Monami Eric	EDORA	<input checked="" type="checkbox"/>
Mortier Jo	RWE Supply & Trading GmbH	<input checked="" type="checkbox"/>
Rkiouak Laylla	FOD Economy	<input checked="" type="checkbox"/>
Selderslaghs Katrien	Cabinet of the Minister of Energy	<input checked="" type="checkbox"/>
Strosse Tom	ENECO	<input checked="" type="checkbox"/>
Van Bossuyt Michaël	FEBELIEC	<input checked="" type="checkbox"/>
Van de Keer Lieven	T-POWER	<input checked="" type="checkbox"/>
Van den Bosch Sven	FLUVIUS	<input checked="" type="checkbox"/>
Van der Biest Piet	SIEMENS	<input checked="" type="checkbox"/>
Vandersyppe Hans	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Vanneste Aron	Flexcity	<input checked="" type="checkbox"/>
Verrydt Eric	BASF	<input checked="" type="checkbox"/>
Wagnier Jean-François	FEBEG	<input checked="" type="checkbox"/>
Walravens Guy	CREG	<input checked="" type="checkbox"/>

Report	
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1. Agenda

- Welcome
- Practicalities related to the possible re-run of the auction 2021 following the proposed law modification
- Next meetings

2. Minutes of Meetings

Disclaimer: The slides used as a support of the presentation are available [online](#). The minutes of meetings only cover the discussions that took place during the Working Group.

Potential Re-run Y 4 Auction 2025 26

Elia presents the main contours, regarding the proposed amendment to the Electricity Law that is currently under discussion in the Federal Parliament.

RWE asks if parties must indicate whether they want to participate and if they need to confirm explicitly their bid, or if this is done implicitly. Elia replies that it is preferred to have an explicit confirmation from the candidates. Also in case the party does not provide the necessary proofs, *de facto* the participant is not allowed to participate.

FEBELIEC asks to specify the level of MW that is considered as having an impact on the security of supply, with regards to the following expressed rule: “A potential re-run of the October’21 Y-4 Auction for 2025-26 can be decided for in case capacity contracts would be cancelled upon instruction by the Minister following a check on the permit status and taking into account the impact on security of supply.” (on slide 5). The Cabinet of the Minister specifies that no specific threshold has been defined in terms of MW, but it goes about larger capacities that could have a negative impact on security of supply. A couple of MW will not be considered as having a major impact on the security of supply, however, the Cabinet of the Minister repeats that no specific threshold has been defined.

FEBELIEC also asks whether it is coherent to participate in the re-run based on historic data (since the bids should remain unchanged for price, volume, etc) while 6 months additional information is available since bid submission, including inflation and increase of costs (not only supply but all costs related to installation) With this regards, FEBELIEC asks whether this choice might have a risk on the re-run voluntary participation rate. The Cabinet of the Minister specifies that the measure is a “reparation” of last year auction. In other words, it is not a new auction but a re-run, meaning that last year auction is reopened and that the prices, offers and all other parameters remain the same (as in 2021 auction).

FEBELIEC alludes to the fact that the Cabinet and Elia would already have the outcome of the auction, except from the possibility that some CMUs decide not to participate, given the facts that the bids remain the same as in last year’s auction. Elia clearly stipulates that neither the Cabinet, nor Elia know the outcome of the re-run in advance. The procedure is framed by extremely strict confidentiality rules; only a very strict necessary amount of people that run the auction and the regulator (that had to approve the auction results and has performed an audit upon the first auction) have a view on the order book.

Time line

Elia presents the timeline for (1) selected CMUs in the Oct'21 Y-4 Auction to provide the relevant information on the status of their permit, and for (2) non-selected CMUs from the Oct'21 Y-4 Auction, if decided of a re-run.

Operational steps: Permits submission by 15/03

The Cabinet of the Minister provides some specifications regarding the permits and the timing for permit submission to answer the questions raised during last WG adequacy meeting. While the Minister of Energy already clarified these issues in the parliamentary commission last week, the Cabinet repeats the main important topics.

The Cabinet of the Minister stipulates that permits that are concerned by the new condition are the ones mentioned in the "Memorie van Toelichting/Exposé de Motif" linked to the law proposal (as detailed on slide 10). The federal production permit is for instance not concerned here. The Cabinet explains that "in laatste administratieve aanleg/ en dernière instance administrative" means that permits should be delivered by public authorities, and no administrative appeal should be open or pending for these permits at the time these permits need to be submitted at Elia (by March 15 in the context of the re-run). However, appeals at the council of state or e.g. "Vlaamse raad voor vergunningsbetwistingen" are not concerned as these are legal (not administrative) procedures by a jurisdictional body.

Elia and the Cabinet of the Minister also specify that permits should be sent by March 15, 2022 in the context of the rerun. The non-selected capacities need to provide their permit on a date that will be stipulated in the Ministerial Decree. And finally, for the upcoming auctions all concerned permits are needed upfront and proof is needed just before the bidding process ends. The Cabinet of the Minister clarifies that related to this last item, a little mistake has slipped into the "Memorie van Toelichting/Exposé de Motif". It was mentioned that the proof needs to be provided 20 days before the deadline of the bidding process, but the "20 days" need to be omitted, in order to be in line with the legal text. The draft version of the Functioning Rules Elia submitted to CREG still consider these 20 days but this will be corrected.

During last WG adequacy meeting some parties expressed their concern that sometimes it is not possible to require a permit for the whole delivery period. Therefore, the Cabinet also explains that the period concerned by the permitting condition should be valid at the time it is checked (for the re-run: March 15th 2022, for the non-selected capacities the date which will be mentioned in the ministerial decree, and for the upcoming auctions at the latest at bidding deadline). And finally, concerning the proof to be delivered, the minister of energy called upon Elia in the parliamentary commission to find a balance between sufficient proof and the administrative burden. On slide 11, Elia presents the suggested proofs to be provided, depending on the type of CMU and its NRP level.

FEBELIEC, RWE and T-POWER asked for some further clarifications about the proof to be delivered, but it is confirmed that it concerns the permit which has been delivered by the highest possible authority after the expiration of appeal period.

FEBELIEC also asks when the legal text will be available. The Cabinet of the Minister says that it has been approved in first reading in federal commission of energy on February 8th, but a second reading has been requested which will take place beginning of next week. Afterwards, it should go in plenary vote on Thursday February 24th and publication

in the Belgian Official Gazette is foreseen soon after. Elia also suggests to send the link via the working group as soon as it is published, although the link to the draft law proposal is already present on the website of the parliament as indicated in the slides presented by Elia.

Elia adds that for existing and additional-other CMUs permits should cover the current situation (i.e. latest submission date), and not (yet) for the whole delivery period. However, in a declaration to be provided by the capacity provider suggested by Elia, a statement stipulates that the capacity providers will undertake the necessary actions to obtain in due time the permits for the delivery period, in order to align with the best practices of the industry.

Flexcity wonders if the principles elaborated on slide 11 also apply for demand side response. Elia replies that the law proposal does not make any distinction between technologies. Given the distinction in proof of permits documentation requested based on CMU and NRP level criteria, Flexcity asks whether it is possible to base the permitting condition on delivery point level rather than CMU level. Indeed, this level of distinction may lead to administrative burdens otherwise. For example, a CMU with 11 delivery points of 10 MW each (i.e. NRP equals 110 MW), must provide the declaration of proof and the documentation for all delivery points according to the rules stipulated. Elia responds that it has been decided to define the threshold at CMU level and not delivery point level, as CRM obligations are also defined at the level of CMU.

FEBEG wonders if it is obliged to use the proposed template to provide the necessary proofs. Elia indicates that it is preferred to use the suggested template even if it for instance is not part of the functioning rules applying for the re-run. With this template suggestion Elia tries to answer on questions raised during the WG adequacy and Elia gives a follow-up to the request from the Minister of energy.

ENGIE asks who has to send the declaration as the CRM actor is not always the permit holder. Elia replies that the capacity holders is accountable for providing the permit even if he is not the permit holder. In the letter that will be sent to the capacity providers, Elia stipulates that the capacity holder has to find for the relevant information upon its grid users.

BASF wonders which permit should be provided if the capacity provider holds the permit for the current operations as well as the permit for the future delivery period. Elia replies that the most relevant one for the future is to be provided, in view of the spirit of the goal of the law proposal.

Auction report update

Elia presents how the Auction report will be updated in case of a re-run.

T-Power asks what the impact is of the potential change in contracted volume caused by the re-run on the calculation of the volume for the next 2022 auction. In particular, T-Power wonders if the re-run does not deliver the right amount of new capacity, and given the fact that the re-run is done after the communication by the minister of the volume for the next 2022 auction, if it is foreseen to adapt the volume for the next 2022 auction later on. Elia responds that the demand curve for the next auction needs to take into account the already contracted volumes. As because of the re-run, the contracted volumes might slightly differ from the already contracted volumes stipulated at the end of 2021 auction. It is

therefore probably recommendable to take this new information into account but it has not been decided yet how it will be done practically. The Cabinet will assess how to include this in the Ministerial Decree related to the auction 2022.

Finally, RWE asks an explanation on the potential impact of the re-run on welfare optimization. Elia explains that the algorithm and the optimization as applicable in the previous auction are also applicable in the rerun. The bid, the price, the cancelled contracts, and so on, will be taken into consideration, but the algorithm will reoptimize. However, the solution of the re-run should guarantee that the contracts that are not cancelled remain selected.

Date for the next meeting

The next meeting is currently foreseen on Thursday 10th of March.