

WG Adequacy #15 - Meeting report

Friday 27th January 2023

Meeting	
Date	27.01.2023
Organiser	Jan Voet

Participants		Attended
Anciaux Pauline	Policy Advisor - Kabinet Minister van Energie Tinne Van der Straeten	<input checked="" type="checkbox"/>
Baugnet Christophe	ENGIE	<input checked="" type="checkbox"/>
Bart de Waele	CREG	<input checked="" type="checkbox"/>
Boustani Zackaria	FOD Economie	<input checked="" type="checkbox"/>
Buisseret Thomas	ORES	<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"/>
Debrigode Patricia	CREG	<input checked="" type="checkbox"/>
De Changy Maxime	Fluxys	<input checked="" type="checkbox"/>
De Waele Bart	CREG	<input checked="" type="checkbox"/>
De Wispelaere Bram	Kabinet Minister van Energie Tinne Van der Straeten	<input checked="" type="checkbox"/>
Gerkens Benoît	CREG	<input checked="" type="checkbox"/>
Harlem Steven	LUMINUS	<input checked="" type="checkbox"/>
Herman Sofie	STORM	<input checked="" type="checkbox"/>
Pary Maximilien	Total Energies	<input checked="" type="checkbox"/>
Reyniers Stefaan	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Van Bossuyt Michaël	FEBELIEC	<input checked="" type="checkbox"/>
Van Gijzeghem Francies	ABDE	<input checked="" type="checkbox"/>
Van der Biest Piet	SIEMENS	<input checked="" type="checkbox"/>
Van den Bosch Sven	Fluvius	<input checked="" type="checkbox"/>
Vandersyppe Hans	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Verrydt Eric	BASF	<input checked="" type="checkbox"/>
Wagnier Jean-François	FEBEG	<input checked="" type="checkbox"/>
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Report	
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1. Agenda

- Welcome
- Minutes of Meeting WG Adequacy #14
- CRM Functioning Rules: Feedback received during Public consultation
- Capacity Contract: expected changes
- CO2 threshold [Cabinet]
- Update hurdle rate methodology [Professor Boudt]
- 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.

Approval of the Minutes of previous WG

No objection was made to the Minutes, which are considered as approved.

CRM Functioning Rules: Feedback received during Public consultation

Evolution of the derating factor

FEBELIEC is asking for a specification with regards to the formula provided and whether it means that across time, there might be several de-rating factors applied in the formula. Elia agrees and specifies the need to keep track of these derating factors via the contracting tool (for which the developments are ongoing).

FEBELIEC also asks for confirmation with regards to the de-rating factor evolution and the impact on the volumes in case a unit first participates to the LCT: in the first year (2024-25), an actor will be ruled by the LCT Functioning Rules, and then by the CRM Functioning rules the year after (2025-26).

Elia first specifies that only one contract will need to be signed, with a change of contractual clauses between the two years. Elia then emphasizes that the rules between LCT and CRM are very much aligned. Elia also gives an example of the difference of formula for the Secondary Market Remaining Eligible Volume (SMREV) between the CRM and LCT. For the SMREV, the formula and logic are the same across CRM and LCT. Yet, for the first year, under the LCT contract, an additional parameter is included in the formula in case of deliver point(s) with DSM technology (i.e. parameter = existing DSM) - also part of the obligation and deducted from the SMREV-; which parameter falls away the second year, under the CRM contract. FEBELIEC reacts to this formula by specifying that then in the first year, for LCT, existing volume is included in the formula, that is removed the second year. However, it is not clear how this switch will impact on the total contracted volume that an actor can offer (or not) on the secondary market. Elia answers that for this concrete case, the volume of the DSR will be blocked from the secondary market for the first year (LCT period) because the actor is already bound to deliver it on top of what he is already contracted for. However, as of the second year (under CRM), the DSM capacities are not deducted anymore, so the actor is allowed to offer the volume left on the secondary market. FEBELIEC asks for a clarification on these principles/ formulas. Elia proposes to include a more detailed session on the explanation of these formulas within an upcoming WG (on 23.03.2023). FEBELIEC agrees on the proposition. CREG completes by asking Elia to present also some numeric examples to explain the interpretation of the formulas. Elia notes the request.

Process to evolve from “Additional” to “Existing” CMU

ENGIE asks a question with regards to the timing of the process: actors receive an answer to their prequalification status around begin and mid-September (variable with(out) an investment file), that is 1.5 - 2 months before the pre-delivery period starts, which is an important margin that the actor may need to become existing before the pre-delivery period (for example to collect metering data for the prequalification). ENGIE asks for a more flexible process. Elia agrees but specifies that the clarifications are specific to the process of becoming existing from additional at first. Elia will evaluate whether it can be adapted.

LUMINUS asks whether the wording with regards to NRP determination will be changed in the FR. Elia replies that the wording is in line with what Elia is presenting today.

FLUVIUS raises some concerns regarding a change of timing and the reason why it was decided to pick 5 WD before the end of the month for the NRP determination process – that is working with validated data. In addition, FLUVIUS is wondering in case there is insufficient data why the delivery point could not be treated as additional DP with Declared NRP, since the period for which the data is available is very short in any case. First, Elia answers that it is not the intention to change the timing or the foreseen deadlines as such (concern is understood) and wants to keep the deadline of 5WD before the end of the month before the PQ file submission date. Second, Elia is of opinion that keeping the minimum period of 14 calendar days of data is necessary for Elia to work with comfort and robustness to calculate such NRP, being the reason why Elia is not keen to consider less data. Elia precises that treating the point as additional with declared NRP cannot occur forever, in a process of becoming existing from additional; at some point the DP needs to be metered to become existing.

ENGIE is mentioning that in case there is less than 14 days, the alternative is to ask for a test (data shown on a single day). Under this logic, ENGIE does not understand why one calendar day historical data (if the CRM actor assesses the value) is not considered as good as a test. Elia understands the point but highlights the *raison d'être* of the two methods. In case of calculation based on historical data, Elia is of opinion that the precision and robustness of the calculation requires a minimum amount of calendar days. ENGIE argues that the candidate has always the choice to reject the calculation based on historical data and request a test. Elia agrees but also highlights that in that case there is also no guarantee for the candidate that it will deliver better results than the calculation based on historical data; it is a choice to be made by the capacity provider. LUMINUS agrees with ENGIE and has the impression that the candidate's possibilities to demonstrate a good NRP is more at risk with the new process in place, especially in case of a PQ test based on a quarter hour timing. Elia takes note of the comment.

Contribution of Volumes towards adequacy

LUMINUS is asking if Elia did explain the Opt-Out classification rules and if these potentially adapted rules will be shared upfront. Elia did not explain them in the context of this WG and specifies that Elia will potentially make a proposal to include the comments received in the proposal to be submitted to CREG. Elia also adds that the Opt-Out topic has been debated for a long time and as a result many comments have been received. Elia will make a new proposal based on the input received, upon which the CREG will take a decision. Elia can present them in more details in the WG in March. FEBELIEC also wants to see the reasoning behind the new proposal of such classification rules because comments made by market parties should not necessarily be taken for granted. Elia agrees.

Pre-delivery monitoring and clarifications on the elements of the quarterly report

FEBELIEC is asking if the pre-delivery quarterly report applies to the LCT. Elia agrees it does not apply to LCT.

LUMINUS wants to express a big concern with regards to this clarification and calls Elia to be more pragmatic. Some of Elia's requests are not that easy to obtain by the candidates. LUMINUS particularly targets Elia's request in the context of the permitting milestones topic, which might have impacts on the (non-) release of the Financial Security and subsequent administrative costs. ENGIE is sharing the request of LUMINUS and asks Elia to be pragmatic in Elia's request(s) concerning the justification documents asked, to limit endless requests on new documents to provide. Elia takes note of the concerns.

Elia is also informing that a dry-run of t-control 1 with regards to the analysis of the Quarterly report will be done following the receptions of the quarterly reports in February. Elia will contact the candidates to discuss or clarify what is expected – in case needed.

COGEN expresses its concerns about the increasing complexity of the quarterly report process (at a point it becomes complex to comply with it) and specifies that the redaction of informal notes is not a solution. Elia answers that market parties are always welcome to reach out for clarifications in case the rules are not clear. In addition, Elia highlights that any adaptations presented on the topic are "just" clarifications of principles that have always existed within the Functioning Rules. COGEN argues that the rules are becoming incoherent, and that there is unclarity over the documents that should prevail (Functioning Rules vs cover notes). Elia answers that the discussions relate to the Functioning Rules themselves, and the clarifications brought within the Functioning Rules to ensure there is legal clarity on the expectations.

LUMINUS adds that it is a pity that the clarifications have not been discussed upfront.

Selection of AMT Hours to be verified

FEBELIEC understands why Elia does not disclose the full methodology but at the same time FEBELIEC mentions that it makes the processes become more of a black box. Elia specifies that it is currently working on the methodology that is being discussed with CREG. Elia answers that a very similar methodology will be developed for Availability Testing (that is not the same as Availability Monitoring) and for which there are already some clarifications in the rules (e.g., moments that will be the focus of the Availability Test). Such clarifications could be introduced in the availability monitoring chapter as well. FEBELIEC thanks Elia for this proposal. FEBELIEC also asks to have examples that clarifies the principles/ guidelines provided in the rules. Elia agrees and commits to come back to the WG with the main principles of the Availability Monitoring, as well as the upcoming phases of the development.

LUMINUS concerns is not on the methodology, but on the design itself: the AMT price is set for the whole year, if during that year the day-ahead price rises, then there is a period with AMT price every day. So LUMINUS requests is not for Elia to test more, but test only during scarcity moments, as the system is designed for. However, LUMINUS highlights that if the price rises, the logic is no longer true because Elia is able to test every day while there is no Security of Supply issue at all. Elia will look into the possibilities for including a design change for implementing a more dynamic AMT price in the coming months (to be included in the version of the Functioning Rules next year).

ENGIE is giving the same message and asks Elia to reach out when discussing this topic.

Payback Obligation

ZANDVLIET POWER comments that the principle of excluding negative prices was proposed during the Elia adequacy WG from 13.10.2022 and stated that there was no disagreement with respect to this proposal during the WG. However, this principle was not retained in the proposed functioning rules. ZANDVLIET POWER therefore asks if they have a wrong interpretation of the formula presented:

During delivery

$$\text{Ex - post indexed Calibrated Strike Price} = (\text{fixed component} + \text{Max}(0; \text{average DA price for month } m))$$

Elia agrees that the interpretation is correct and specifies that the proposition to exclude negative prices was not retained in the final proposal of Functioning Rules submitted to CREG given the feedback received from several market parties.

Retroactivity

No question was raised on this topic.

Update of the indexation mechanism of the strike price and on the Payback exemption for DSM

FEBELIEC is asking which indexation mechanism will be applied. Elia answers that the proposed formula includes at least the comments received, among other the one from FEBELIEC. Elia has deleted the consideration of the Max between 0 and the monthly day ahead price in the indexation formula of the strike price to account as well for negative price and any kind of evolution of the market prices.

FEBELIEC asks some more clarity on the fact that such changes would require an amendment of the legal framework to be allowed. ELIA answers that some aspects are tackled directly in the Royal Decree Methodology which needs to be amended whereas some points such as the modalities of the indexation of the strike price are to be dealt with in the Functioning Rules (according to the Royal Decree Methodology).

FEBELIEC raises the risk of the retroactivity (only applicable to the first auction, since 0 volume was contracted for the 2nd auction) adding that a revision of the formula each year would potentially lead to CRM delivery period for which the formula is revised while contracts are ongoing. Elia notes the point and adds that it is the opportunity to discuss it today while the first delivery year has not started yet. In any case, Elia adds that the goal is not to adapt such formula for every auction but repeats that the current adaptation foreseen is due to the circumstances observed in 2022.

FEBELIEC also asks a question targeting the Cabinet with regards to the following point and how the Cabinet sees the amendment process: "the Regulatory Framework (E-law/RD) has to be amended in order to cope with the proposed Functioning Rules changes." The Cabinet answers that it was already agreed last December (2022) that some rules within the CRM Framework should be improved to facilitate participation and reduce hurdle. From the government side, the review of the Royal Decree has started. There is an assessment ongoing on the necessity to adapt the E-Law. There is currently a "Loi diverse" in the pipeline to change some elements. The Cabinet deems it important that those

changes are implemented before next auctions (LCT and Y-4 27-28), but it is a change of legislation with all necessary phases it involves.

CREG agrees there is a need for changes of regulatory Framework in order to cope with proposed rules. CREG is also asking Elia if it foresees to propose a fallback in case the regulatory framework is not changed in due time. Elia will include in the functioning rules a conditional provision to the timely changes of the regulatory framework. Elia specifies that the fallback solution would be to revert back to the existing rules (although unfortunate).

ENGIE is asking if a change of RD is necessary for a change of the formula (which are in the FR only). CREG answers that Functioning Rules need to be in line with legal framework. Elia doesn't think that the changes in the formula themselves require a change in RD.

LUMINUS thanks Elia for the compromise found on this topic.

Capacity Contract: expected changes

FEBELIEC is asking whether the changes in the contract include also the LCT scope. Elia agrees and clarifies that if an actor is contracting for multiple years in the LCT auction, the first year will be under the terms of the LCT contract whilst subsequent years fall back on the CRM capacity contract rules. Elia will consult on the two templates: CRM and LCT contract templates.

FEBELIEC complains about the complexity of the reading of the LCT FR (ex: use of CRM Actor). Elia agrees that the use of the terminology can be confusing and takes on the comment to provide further clarification to market parties.

LUMINUS is asking about the stability of the framework, with regards to the changes presented by Elia. Elia is in the phase of implementation of this procedure, which leads to streamlining some elements in the contract (both in the advantage of Elia and market parties), but the goal is to get a standard and mature process in place in the shortest term as possible that remains stable. Elia asks LUMINUS to react on potential changes that would create a burden for market parties.

FEBELIEC makes a general comment to highlight that the changes in contracts and Functioning Rules make the mechanisms difficult to follow, especially for small actors, which is a burden itself to the participation of both LCT and CRM. The comment is noted, and Elia will try to enhance even more its communication, to make sure everything is clear on time.

CO2 threshold [Cabinet]

The Cabinet generally notes that intervention is not specific to the CO2 threshold but rather to give an overview of the ongoing topics and deadlines.

LCT

No question was raised on this topic.

CCMD

LUMINUS is wondering what is exactly changing in the E-Law with regards to CCMD. The Cabinet states that the term CCMD might have been called otherwise, but the changes are about some principles. LUMINUS supports it using this phrasing.

FEBELIEC asks confirmation that the proposed adaptations of the E-law for LCT and CCMD are well two separate, parallel tracks. The Cabinet confirms.

CRM – Evolution of the design

LUMINUS is asking for clarifications on the changes that are being done with regard to the investment files. The Cabinet answers that they are trying to find a solution to the issue raised by some actors with regards to the project lead time and the eligibility of cost after the auction results (e.g. batteries...). The Cabinet adds that concerning the eligibility of the investment files, there are two major options: either changing the timing for the auctions themselves (e.g., 2 years upfront) or finding a way to identify investments that can still be taken into account while considering the investment threshold. Discussions are ongoing in “Comité de Suivi”, together with CREG and Elia, to determine the most feasible option that is acceptable in the framework of the state aid file.

LUMINUS is also asking if there is room to include extra concerns to the discussion (e.g., potential repowering of existing power plant, linked bids that prevent certain capacities to be bid in), as there are more barriers than the CAPEX to be spent before the auction. The Cabinet agrees but priorities need to be made in terms of time constraints. LUMINUS' point is taken.

ENGIE wants clarification regarding the IPC derogation. The Cabinet answers that discussions on the scope on this topic is still ongoing in the CdS. CREG is currently working on a proposition. ENGIE asks about the process (incl. consultation for the market parties) with regards to the adaptations of the Royal Decree. The Cabinet believes that a public consultation should be held and asks confirmation from the CREG. In absence of reaction by the CREG, the Cabinet will come back on that point in the next Working Group.

FEPEG understands that some topics are being worked on but would like to have more details on the specific elements that are discussed, together with a timeline related to the different expected changes. The Cabinet understands the request and will come back with more content and timing.

CRM - CO2 threshold

The Cabinet states that considering the outcome of Compass Lexecon study, the Cabinet is not able to currently decide which trajectory to apply. Compass Lexecon has been requested to perform further analysis. The Cabinet thus considers that the rules won't change for this year's auction - i.e, the trajectory will be applied as of the Y-4 Auction delivery period 27-28.

LUMINUS expresses its disappointment with regards to the time it takes to come up with the trajectories – given the fact that it has been discussed for about 2 years – and requires again more visibility for investment decisions; at the verge of losing capacity(ies) in the market because of the emission limit. LUMINUS asks for a clear view on the timeline.

According to BASF, the conclusions of Compass Lexecon were very clear¹, and therefore BASF (as for LUMINUS) does not understand why it should take so long (mid 2024?) to provide much-needed legal certainty for the market parties on this topic.

The Cabinet explains that the topic is a difficult one considering the market impacts, the CO₂ impact of Belgium and the cost component, as illustrated by Compass Lexecon. The Cabinet needs to be careful in the decision taking. It was the intention to be faster in decision making but the feedback from market parties requires every time reassessments. The Cabinet also highlights that it might be not ambitious enough to reach the target for CO₂ emission; being more ambitious requires sending clear signal to the market (push by market parties in their technology decision investment toward the future). The Cabinet adds that the objective is to find a balance between cost and security of supply while meeting CO₂ targets.

LUMINUS does not entirely agree with the climate argument, because the discussion implies also units with very few running hours. The prolongation of some assets is just intended for a couple of years, which is to be decoupled from a long-term view on CO₂ target and short-term interest (SoS) in prolonging some capacities for a couple of years. ENGIE shares LUMINUS' concerns and emphasizes that it is necessary to have a stable investment framework and visibility for the future for existing units. The Cabinet states that Compass Lexecon's study shows that resetting the yearly threshold would increase the CO₂ emission again; therefore, the argument of (limited) running hours being sufficient to reduce CO₂ is not entirely correct. For this reason, the Cabinet is currently investigating the yearly target question, with as objective not to increase the CO₂ emission.

FEBELIEC also highlights that for some technologies, especially cogens, the application of the threshold is not always clear.

COGEN is asking if the method for allocation of CO₂ to electricity and heat factors as foreseen in the current design of the CRM is aimed to last. The Cabinet is following the generic rules from EC and ACER. The Cabinet asks COGEN to contact them or the administration if COGEN sees some elements that can be interpreted in other ways. COGEN explains that extracting heat from electricity production, the CO₂ trajectory gets lower because the heat is recuperated from the installation in a useful way. COGEN wants to keep that principle. The Cabinet agrees it is not in the scope of the changes that are currently looked into. COGEN highlights that Compass Lexecon looked at mixing the fuels but does not include the way to get more useful energy from the fuel used; they only look at biomethane. There is a logic to be more efficient based on the fuel that is used. The Cabinet asks COGEN to reach out Compass Lexecon on this calculation topic.

Update hurdle rate methodology [Professor Boudt]

FEBELIEC raises several questions. First, FEBELIEC asks if professor Boudt is looking at Adequacy in general or Adequacy within the portfolio of the investor - because at the end it is not each individual investor that is responsible for the whole system adequacy, but everyone is responsible for its own adequacy. Professor Boudt answers that there

¹ "Recommendation on CO thresholds for existing capacity

- Do not apply a CO₂ trajectory and keep the current specific threshold of 550g/kWh
- Reinstate and maintain the annual CO₂ thresholds of the EU regulation (350kgCO₂/kW/year) for existing capacity (before 2019)
- The application of specific and more binding annual thresholds for existing capacities is not desirable as it may lead to an increase in CO₂ at the European level and create residual risks for operators and for the security of supply, as well as an additional cost for the Belgian consumer

is a bit of confusion. Adequacy is the name given to the scenario – i.e., Adequacy of the energy system; and would avoid using the term adequacy at the portfolio level. According to FEBELIEC this is a problem, since the question is: “Does someone invest because he wants to have the asset in order to limit the risk of being exposed to costly open positions (imbalance) in case of scarcity moments” or “does someone invest because he thinks there is an adequacy problem in the system that he tries to solve”; the way at looking at the investment is in turn different. Professor Boudt answers that the framework relies on some assumptions among which that individual investors are rational, and they will look at their own self-interest. FEBELIEC is reacting to that, as professor Boudt starts the reasoning that investors are risk averse, BRPs are also companies, but in that case FEBELIEC does not believe Professor Boudt considers them as risk averse. If a BRP wants to be balanced, there is a necessity to be risk averse, otherwise they are completely exposed. The reasoning does not include that there is a cost for the BRP not to be balanced. BRP thus wants to invest to be sure to be covered. Professor Boudt agrees that BRPs are specific actors but these are not discussed in the report. According to FEBELIEC though, it is a fundamental part. Professor Boudt answers that the framework is based on the calibration of revenues and costs; cost can be added but this is not part of the scope of the study. According to FEBELIEC additional costs should be added. Elia does not agree. First of all, the EVA methodology complies with the ERAA methodology where the costs and revenues are strictly defined (excluding imbalance tariffs). Next, the reasoning of FEBELIEC seems to suggest that the mere obligation of BRPs to have a portfolio in equilibrium could lead to a market that will always be adequate at system level. However, one should acknowledge the difference in perspective between an individual BRP and system. An individual balanced BRP does not guarantee attaining the reliability standard, as no BRP might be willing to add consumers if market revenues are not deemed sufficient (which is the goal of the EVA to assess). Since Elia’s and FEBELIEC’s opinions converge on this point, Elia welcomes FEBELIEC to have an side discussion to understand the reasoning behind FEBELIEC’s desire to add costs for BRP.

Second, FEBELIEC asks Professor Boudt if he is looking at portfolio effects. Professor Boudt looks at individual assets, but most actors have several assets, and there are impacts on adequacy from those interactions. FEBELIEC wants to know how this is taken into consideration while calculating the desired WACC. Professor Boudt first answers that the hurdle rates are at the level of the technology and not at the level of the specific investor. Therefore, the specific portfolio of an investor cannot be taken into consideration. Yet, the hedging opportunity is taken into account as discussed in the report, being in general an argument to reduce the premium. FEBELIEC follows up on this topic by commenting that hedging is not done on asset per asset level, but at portfolio level; this aspect is overlooked while looking at asset level. Professor Boudt clarifies that the first step is to start with the WACC of the company. It is considered that the “Beta” of the company - i.e., systematic risk exposure of the company – is inferior to 1, representing companies that have less than an average systematic risk exposure. Besides, the calculation of the hurdle for one specific investor is not the same exercise as what is done here - i.e., calculation of the hurdle rate at technological level. Professor Boudt also specifies that the WACC would not be the same for each investor looking at the same technology.

Third, FEBELIEC wants to know if the presented model is applicable to other sectors (or electricity-sector restrictive). Professor Boudt answers that the hurdle rate is not restrictive to the electricity sector. In corporate finance, the hurdle rate is always a chapter in capital budgeting. What is specific here are the projects with particular risk characteristics (incl. variability). The framework is applicable to all types of investments. The calibration, however, is specific to the context.

Elia specifies that the framework that is used is on a technology basis, not on an individual asset basis. This question often comes back in the CRM context, but the technology level is set in the ERAA. The results of the study are used in an adequacy perspective and in that context, decisions are always looked at technology and not individual level.

The Cabinet is looking for some confirmation on the interpretation of the results: expected returns per technology are generally not meeting the hurdle rate, which is a risk of not investing in any of those technologies. Figures also show the probability of negative return of 1 for pumped-storage. Professor Boudt refers to Elia's Adequacy and Flexibility report for the conclusions regarding Economic viability of the assets. Given the data and assumptions, whenever the expected return is below the hurdle rate, the investor would not invest in the coming 10 years. The expected return should not only be positive but higher than the hurdle rate for creating an investment incentive.

ENGIE is saying that in the CRM there is a payback obligation on which you hedge a volume, and you may take the risk you pay back more than what you receive on the day ahead market. ENGIE wants to know if this is considered in the model. Professor Boudt answers that the hedging discussion in the report was only for the energy only market, not for the CRM system. The CRM system is not part of the report. This part is being finalized in terms of results.

ENGIE then asks if the values shown are not the ones to be used to determine the CONE. The hurdles rates shown are the ones that are to be used in the Adequacy and Flexibility analysis report and not meant or designed to be part of the CONE calculation for the CRM calibration. Elia clarifies that the study developed by the Professor Boudt is realized in the context of the Adequacy and Flexibility study where the goal is to check the economic viability – i.e. determine the gap – in the energy only market, that is without taking into account the impact of the CRM.

CREG comments that it would have preferred to receive the slides/ a report on such complex matters before this presentation, since there are not so many opportunities to benefit from the presence of Professor Boudt. Elia specifies that the report of Professor Boudt was part of the A&F public consultation.

Finally, ENGIE is asking if there will be new computation for the CRM-related topics, which could indeed be part of a follow-up study by Professor Boudt.

Background and objectives of the study

FEBEG raises a question toward the CREG regarding the process about the calibration exercise and the expected next step following the publication of the calibration report by Elia. CREG agrees that a proposal will be shared and published, but the timing is not defined yet (relies on a decision by the board of directors).

3. Next Meetings

The next meeting is currently foreseen on:

- Friday 16th December 2022 **pm**
- Friday 27th January 2023 **am**
- Friday 17th February 2023 **am**