

FTR v2

WG Belgian Grid

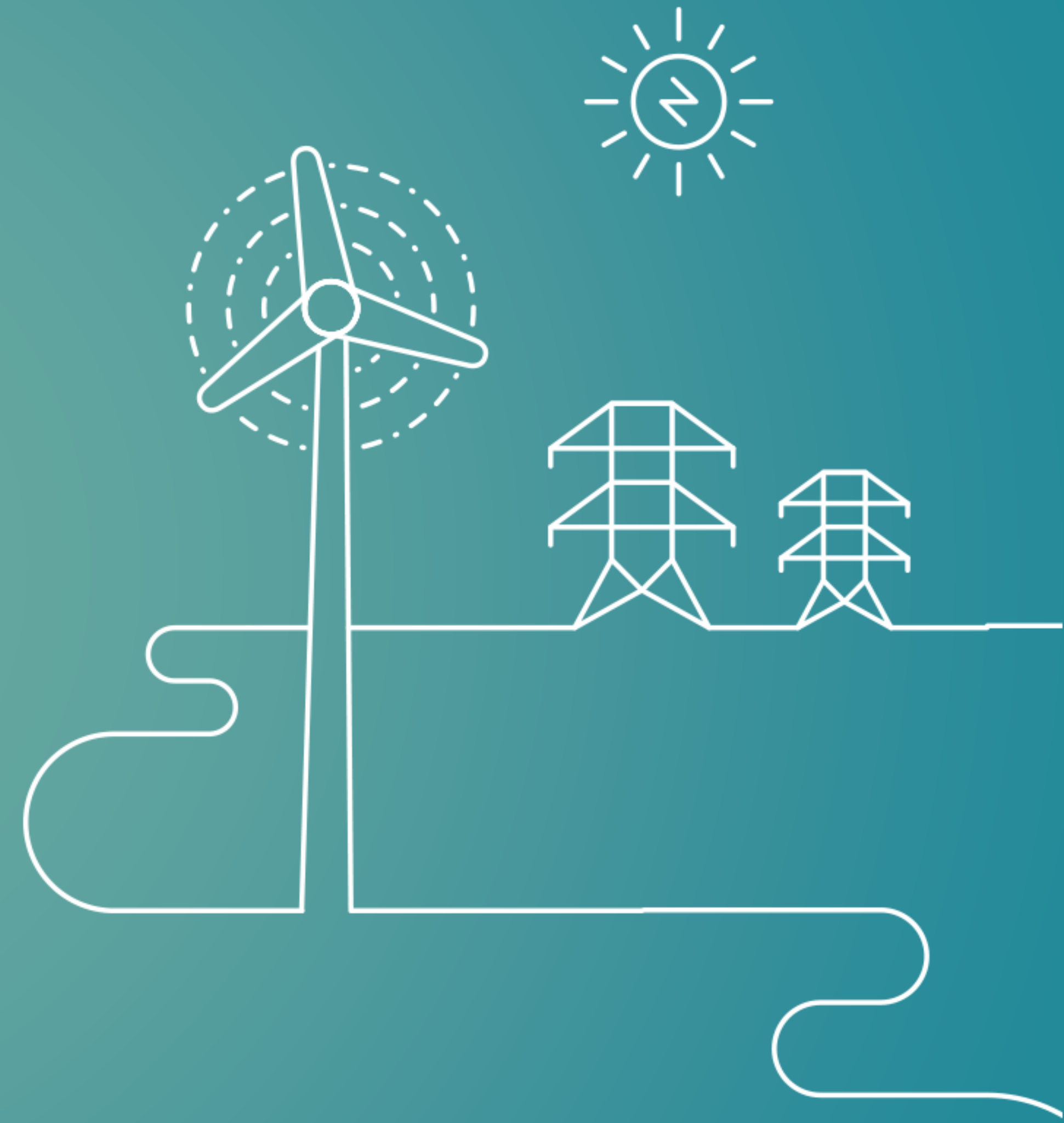
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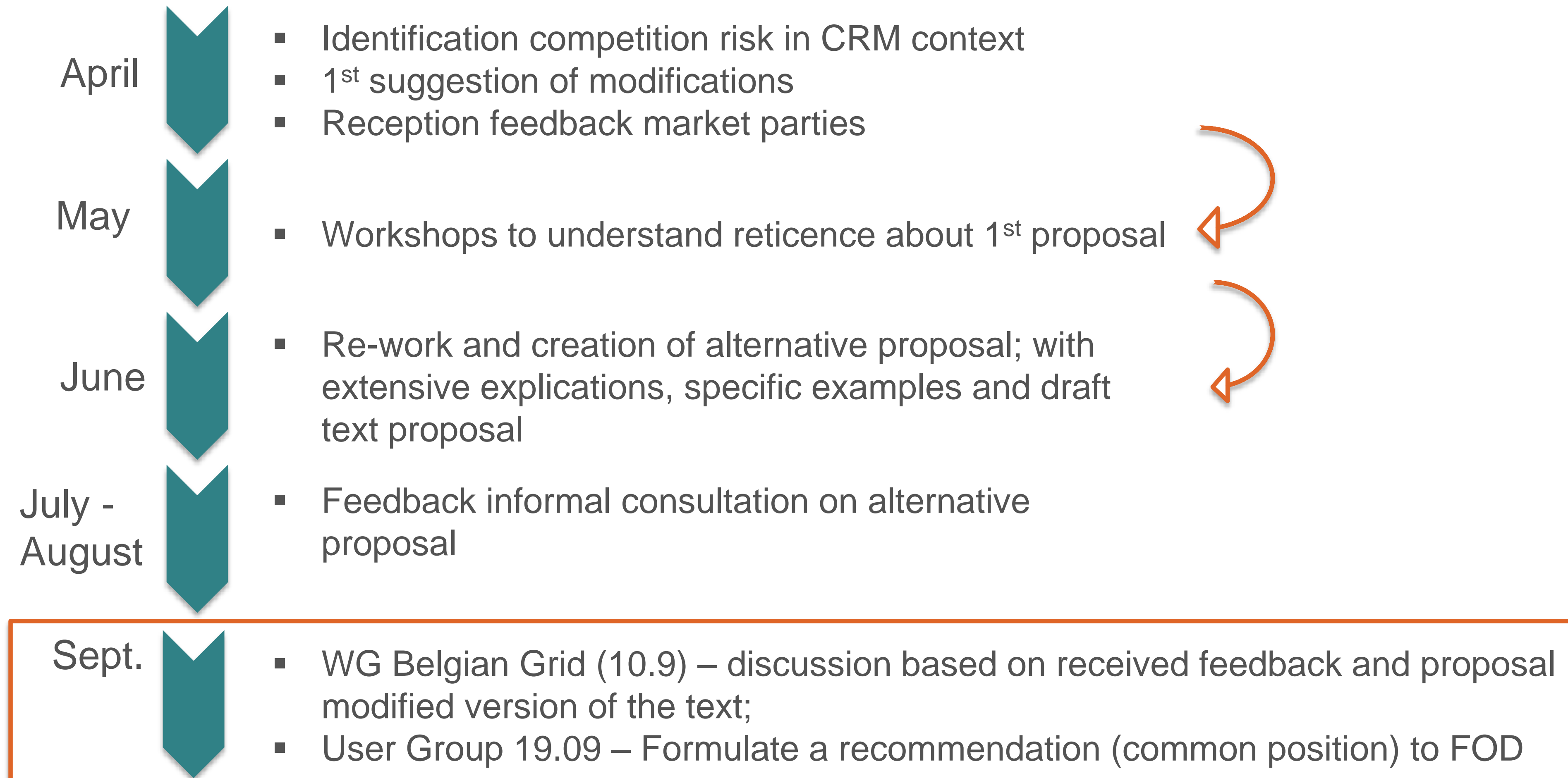
Agenda

- Where are we ?
- Overview feedback received
- Next steps

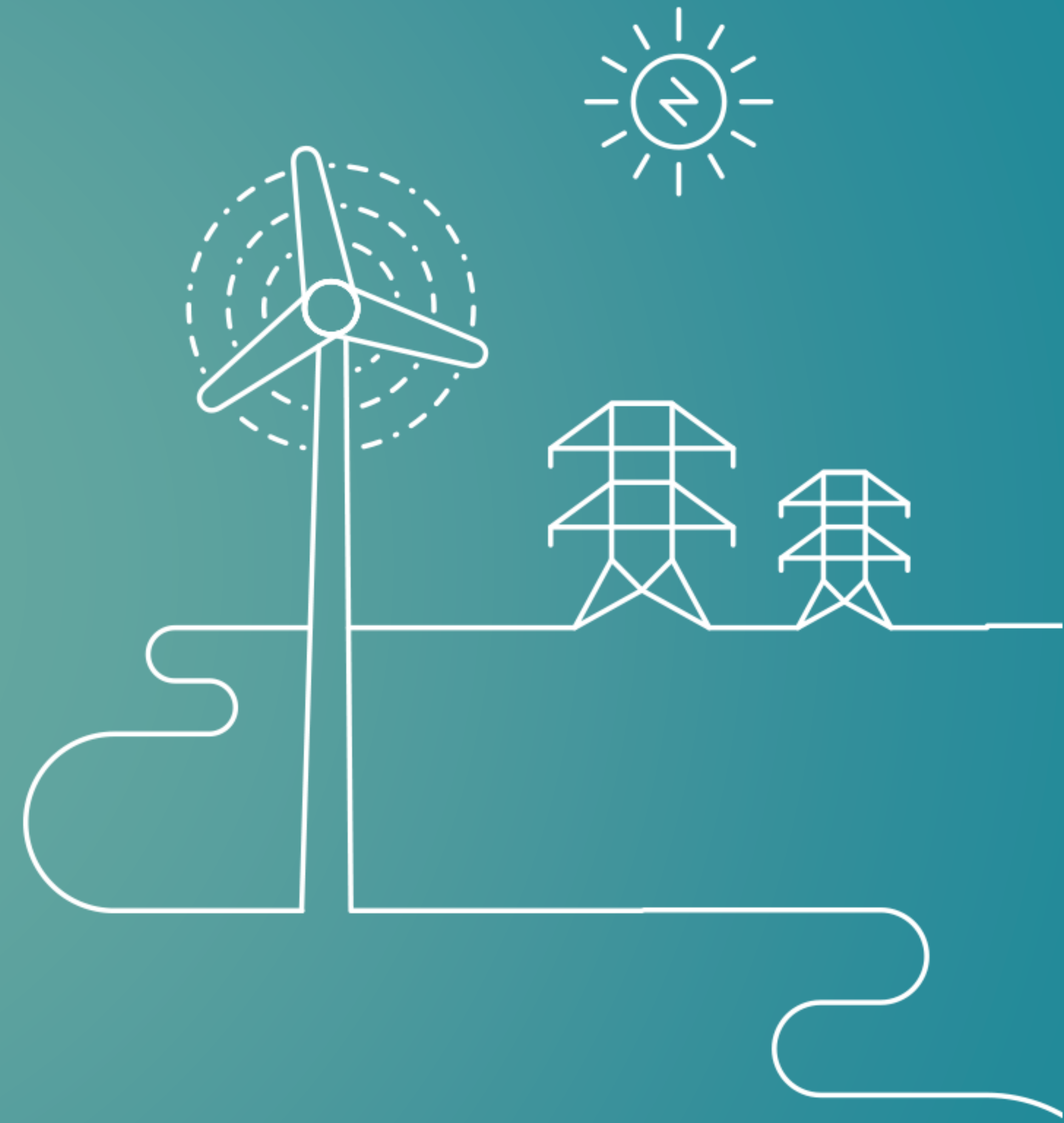
Where are we?



Where are we?



Overview feedback received – FTR v2



FTR v2 – Status consecutive to consultation

External feedback

- Lampiris
- BASF
- T-Power
- EDF
- ENGIE
- FEBELIEC
- FEBEG
- Fluvius
- FOD

Key observations

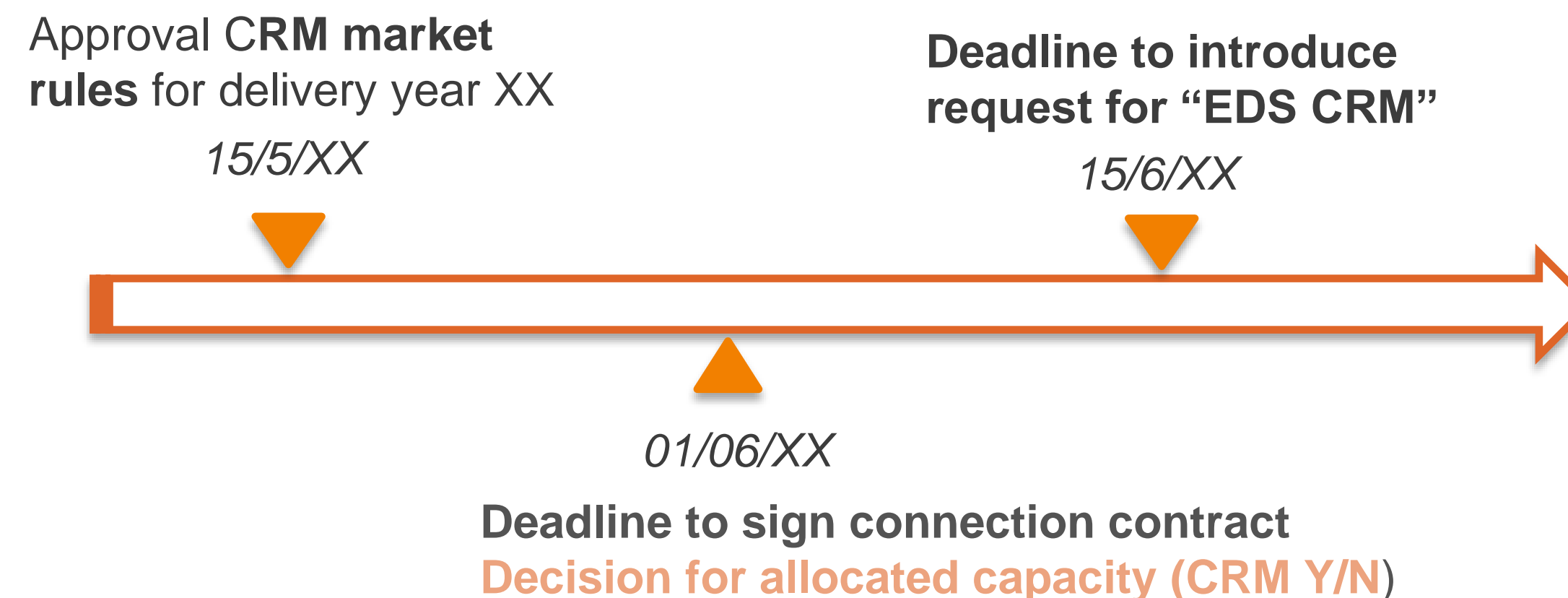
- No common position FEBEG
- Question related to timing / process around EDS CRM
- Most market parties follow ELIA's objective to incentivize CRM competition and reduce possible gaming behavior;
- Constructive feedback received on both connection contract adaptation and FTR text improvement suggestions
- Shared concern on the exact definition of existing capacities and related "substantial modifications"
- Interrogation of possible gaming behavior specific to the announcement of **temporary closure** of existing capacity (in Y – 4 to come back in Y-1 auction)
- Interrogation on transitory regime applicable to FTRv0 & FTRv1 capacities

Additional clarifications (consecutive to feedback received)

timing

Timing and EDS CRM process

- Proposed timing **highlights the last possible moment** for a CRM candidate to introduce an EDS CRM (**15/06**).
- **Continuous CRM prequalification process** → Possible (and recommended) to introduce EDS CRM earlier than deadline
- EDS CRM timing of 10 weeks only relevant for requests introduced between 01/06 and 15/06. Other EDS CRM requests subject **to same rules than current EDS** (timing, technical and financial aspects)
- Introduction of EDS CRM between 01/06 and 15/06 **only possible to replace an existing EDS CRM** (= already introduced to ELIA) impacted by decision of third party to build its capacity without participation to CRM mechanism



Additional clarifications (consecutive to feedback received)

definition

Definition of existing capacity

- Existing capacities are **not subject to the proposed set of rule**.
- ELIA considers the currently in-service production units as “existing”.
- No re-consideration of their allocated capacity possible unless official notification of definitive closure in respect of procedure art. 4 bis. Electricity law

Treatment of “substantial modification”

Only additional capacity (if any) subject to proposed principles

FTR v2 – Status consecutive to consultation

Connection contract

Connection contract

Upon ELIA's request in its design note, concrete proposal received to **reinforce connection contract**:

- Suggestion to have **key principles included in the FGC**
- Bank guarantee** : concrete proposal
 - between 3 to 5 % of project total cost;
 - reimbursement in time in // to the project evolution
 - Full reimbursement at commissioning or in case of “force majeure”

ELIA agrees with proposed philosophy and will include the principles in the connection contract

! Force majeure does not cover the permitting process and related risks

Exact % to be defined (// discussion with bank guarantee in CRM context and consistency needed)

FTR v2 – Status consecutive to consultation

Connection contract

Connection contract – additional adaptations

Similar to the principle proposed in the CRM design (cfr presentation given in TF CRM on 5/9), ELIA requires a **concrete project plan** with details on timing, project's phases and related milestones (permitting, construction; commissioning)

This will allow:

- To determine the moment to terminate the connection contract (e.g: in case no proven evolution observed over XX years) and;
- To calibrate the partial reimbursement of the bank guarantee in function of the project's concretization (**see next slide**)

No retroactivity possible (via adaptation of connection contract) on capacities already allocated today (via signature of connection contract) which do not wish to participate to CRM rules.

→ Not a real issue as these capacities must possess a valid production license, which cannot be extended more than one time.

FTR v2 – Status consecutive to consultation

Connection contract

Connection contract – additional adaptations

Termination connection contract – proposal to align with CRM monitoring logic:

in case required permits are not delivered within 5 years (initial 2 years + possibility to extend 2 time one year) starting from signature of connection contract; connection contract terminated.

Partial reimbursement of bank guarantee – proposal (to align with CRM monitoring logic):

- 25 % refund with permit delivery;
- 50 % refund with start of commissioning phase
- 25 % remaining refund with start of delivery

FTR V2 – evolution consecutive to consultation

Temporary closure –
gaming risk

Market parties concerned about possible gaming with use of the existing (art. 4 bis electricity law) procedure to announce temporary closure (in Y-4) and come back prior to Y-1 auction

→ Question raised in TF CRM 5.09.2019. **Proposal to follow the outcome of these discussions and not to link this question with the FTR v2 adaptation proposal.**

FTR v2 – Status consecutive to consultation

Transitory regime

Transitory regime

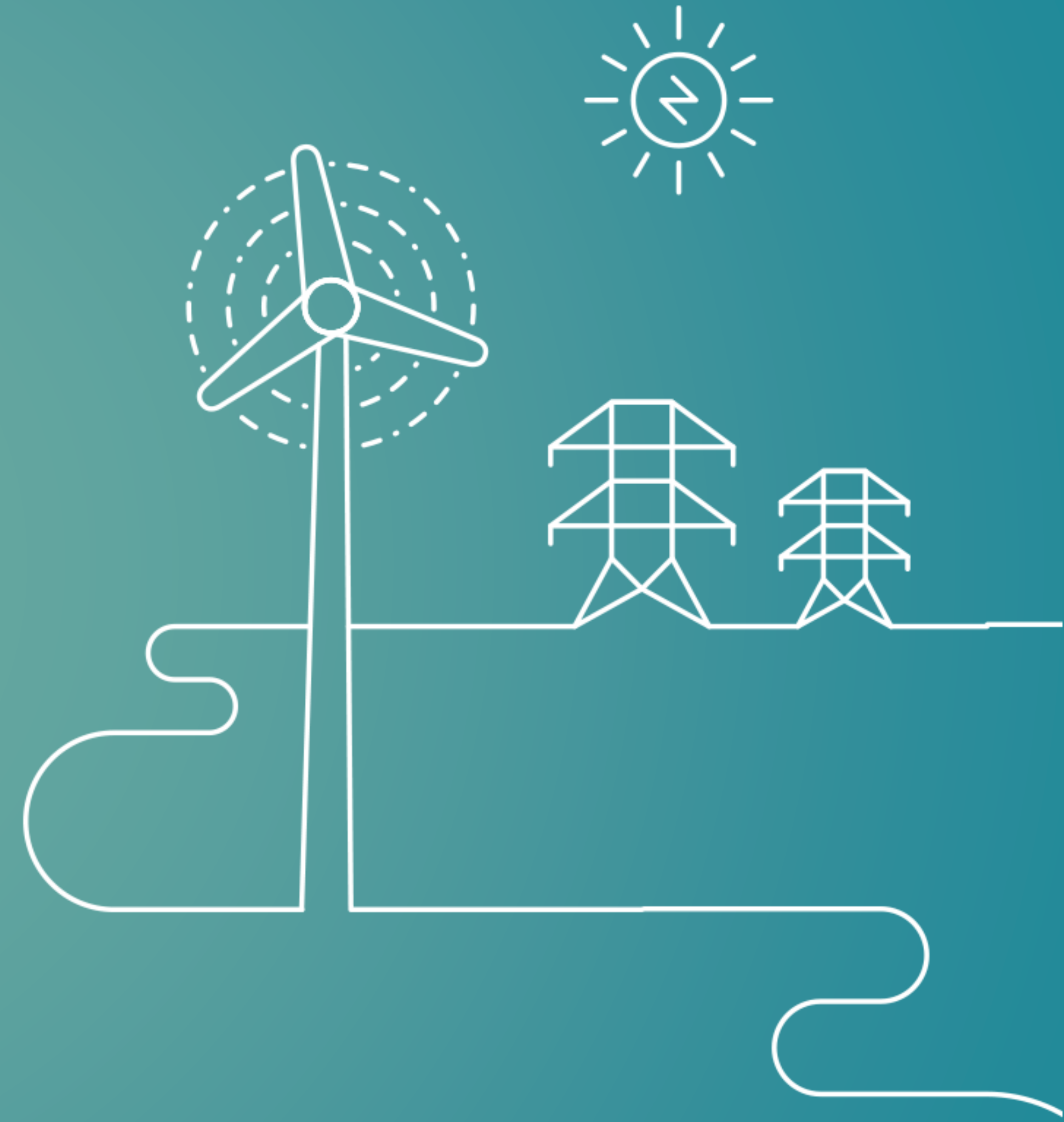
Market parties share ELIA's concern to see the proposal also applied to current processes (both ruled by FTR v0 & FTR v1)

FOD questions legal application of such transitory regime (existing rights obtained following FTR v0 or FTR v1 could be impacted)

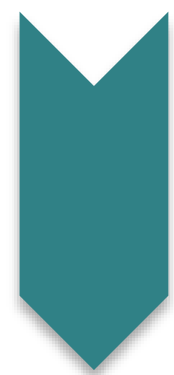
Legal robustness of proposed principles based on:

- Global interest prevails on individual interest;
- Level playing field – same rule applies to each CRM candidate;
- Freedom of choice – participation to CRM is not mandatory. In case of no CRM, existing rights are not impacted.
- Consecutive to CRM auction, remaining capacity (if any) is confirmed to market parties with existing rights. If not enough capacity compared to existing rights, guarantee that concerned market party keeps its priority (FCFS) in case of future available capacities.

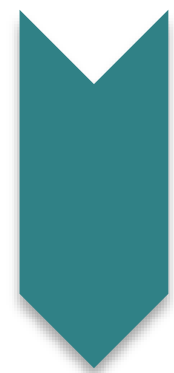
Conclusions & next steps



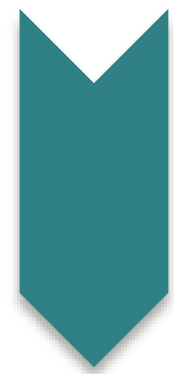
FTR v2 – Next steps



10/09 – WG Belgian Grid



19/09 – User Group



FOD – official FTR modification process



Circulate adapted FTR v2 text proposal



Submit official recommendation from User Group to FOD