



**Proposal for contribution by Elia to costs incurred by  
designated NEMOs in Belgium for establishing,  
amending and operating the single day-ahead and  
intraday coupling in accordance with Article 76(2) of  
the Commission Regulation (EU) 2015/1222 of 24 July  
2015 establishing a Guideline on Capacity Calculation  
and Congestion Management**

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22 May 2018



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THE BELGIAN TRANSMISSION SYSTEM OPERATOR, TAKING INTO ACCOUNT THE FOLLOWING,

**Whereas**

- (1) Commission Regulation (EU) 2015/1222 establishes a guideline on capacity allocation and congestion management (hereinafter referred to as the “CACM Regulation”) which entered into force on 14 August 2015.
- (2) The goal of the CACM Regulation is the coordination and harmonisation of capacity calculation and allocation in the day-ahead and intraday cross-border markets. It sets requirements for the Transmission System Operators (hereinafter “TSO”) to cooperate on a pan-European level and across bidding zone borders. CACM Regulation helps in achieving a fully integrated electricity market for Europe by setting out the rules that will introduce a single approach to cross-border electricity trading in Europe.
- (3) In accordance with Article 4 of CACM Regulation, the Belgian authorities (hereinafter “Authority”) designated two power exchanges, Nord Pool AS and Epex Spot Belgium NV, in Belgium as Nominated Electricity Market Operator (hereinafter “NEMO”). This decision has been published in the Belgian State Gazette on the 5th of February 2016.
- (4) According to Recital (14) of CACM Regulation, for efficiency reasons and in order to implement single day-ahead and intraday coupling as soon as possible, single day-ahead and intraday coupling should make use of existing market operators and already implemented solutions where appropriate, without precluding competition from new operators.
- (5) Market coupling is now in place on the Belgian bidding zone borders in the day-ahead timeframe. It is based on implicit capacity allocation and ensures an optimal allocation of cross-zonal capacity through maximization of social welfare.

This optimization is achieved via the Euphemia algorithm as developed under the Price Coupling of Regions project (hereinafter “PCR project”) of European power exchanges. Euphemia performs the economical optimization while taking into account the limitations of cross-border capacities between countries, as defined by the TSOs.

- (6) Regarding the intraday timeframe, a European project called “XBID Market Project” (hereinafter “XBID project”) was launched by power exchanges in cooperation with the TSOs to create an integrated intraday cross-border market, enabling the implementation of the single intraday market coupling solution.

This solution will allow matching orders entered by members of the power exchanges in one country continuously with orders submitted similarly by members in the same or another country according to their price and time of submission, while taking into account the limitations of cross-border capacities between countries (i.e. continuous implicit allocation).

- (7) On 26<sup>th</sup> of June 2017 all National Regulatory Authorities (hereinafter “NRAs”) approved the proposal submitted by all NEMOs to establish European Market Coupling Operator functions for the single day-ahead and intraday coupling (hereinafter “MCO Plan”) in accordance with Article

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- 7(3) of the CACM Regulation. The MCO Plan confirms the PCR solution and the XBID solution respectively as the basis for the single day-ahead and intraday coupling.
- (8) Article 76(1) of CACM Regulation requires all NEMOs to bear the costs for:
    - a. common, regional and national costs of establishing, updating or further developing the price coupling algorithm and single day-ahead coupling;
    - b. common, regional and national costs of establishing, updating or further developing the continuous trading matching algorithm and single intraday coupling; and
    - c. common, regional and national costs of operating single day-ahead and intraday coupling.
  - (9) The costs for establishing, amending and operating the single day-ahead and intraday market must, in accordance with Article 80(2) of CACM Regulation, be broken down into:
    - a. Common costs resulting from coordinated activities of all NEMOs or TSOs participating in the single day-ahead and intraday coupling;
    - b. Regional costs resulting from activities of NEMOs or TSOs cooperating in a region; and
    - c. National costs resulting from activities of NEMOs or TSOs in that Member state.
  - (10) Article 75(2) of CACM Regulation establishes that costs referred to in Article 80(2)(a), (b) and (c) should be recovered through NEMO fees, network tariffs or another mechanism determined by the NRA.
  - (11) The sharing of common and regional costs for establishing, amending and operating the single day-ahead and intraday market are clarified respectively in Article 80(3) and 80(4) of CACM Regulation:
    - a. Article 80(3) defines the share of common costs that are to be supported by the TSOs and NEMOs of a Member State (hereinafter “Member State Bill” or “Belgian Bill” for the part of costs for Belgium); and
    - b. Article 80(4) defines that regional costs can be shared between NEMOs and TSOs of a Member State in accordance with the sharing key defined under Article 80(3) or can be subject to a regional specific sharing key approved by the relevant NRAs.
  - (12) Article 76(2) of CACM Regulation allows TSOs, subject to approval by the relevant NRAs, to contribute to the costs incurred by NEMOs under Article 76(1). In such cases, within two months of receiving a forecast from the NEMOs concerned, each TSO shall be entitled to provide a cost contribution proposal to the relevant NRA for approval.
  - (13) All NRAs confirmed in their letter of 10<sup>th</sup> of May 2017 on “NRAs guidance to NEMOs and TSOs for preparing the Yearly Report on cost as referred to Article 80 et seq of the CACM Guideline” and their letter of 10<sup>th</sup> of July 2017 on “CACM costs” (see Annex 1 and Annex 2) that:
    - a. competent Regulatory Authorities within each Member State or third country will decide how to split the Member State Bill between TSOs and NEMOs within their jurisdiction; and
    - b. costs incurred between 14<sup>th</sup> of August 2015 and 13<sup>th</sup> of February 2017 are to be treated outside the CACM Regulation, meaning that existing cost sharing keys can be applied;
    - c. costs for establishing, amending and operating the single day-ahead and intraday coupling should be treated in accordance with CACM provisions as of 14<sup>th</sup> of February 2017; and
    - d. reasonable, efficiently and economically incurred costs for the XBID project for the period of 14<sup>th</sup> of August 2015 until 13<sup>th</sup> of February 2017 can be recovered according to the principles established by the NWE+ Letter of Comfort of 16 January 2016.

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- (14) On 23th of November 2017 CREG provided Elia guidance (see Annex 3) on the application of CACM cost provision in its letter “Guidance on the sharing of costs incurred for the establishing, amending and operating single day-ahead and intraday coupling” (hereinafter “CREG Guidance”).
- (15) The CREG Guidance defines following split for the Belgian Bill and National costs between Elia and designated NEMOs in Belgium:
- Common, Regional and National “Joint TSO” costs are allocated integrally to Elia;
  - 50% of the Common, Regional and National “Joint TSO-NEMO” costs are allocated to Elia and 50% is allocated to the designated and passporting NEMOs in Belgium;
  - Common, Regional and National “Joint NEMO” costs are allocated integrally to the designated and passporting NEMOs in Belgium; and
  - Individual National NEMO costs are integrally allocated to the concerned NEMO.
- Regional costs that are shared on the basis of a Regional sharing key, approved by the NRA, in accordance with Article 80(4) of CACM Regulation are allocated directly to the respective TSOs and NEMOs and are therefore excluded from the Belgian Bill unless otherwise defined in the sharing key.
- (16) The CREG Guidance establishes that the resulting share of the Belgian Bill for passporting and designated NEMOs in Belgium must be split amongst them on the basis of their voting rights, allocated pursuant the provision in Article 9(2) of CACM Regulation. For 2018 the voting rights are allocated 90% to EPEX Spot Belgium and 10% to Nord Pool, without prejudice to the yearly decision of the Minister regarding the voting right allocation.
- (17) The CREG Guidance states that in principle no other cost contribution by Elia to NEMOs regarding costs for establishing, amending and operating the single day-ahead and intraday coupling, in accordance with Article 76(2) of CACM Regulation shall be approved than:
- Cost contribution by Elia to NEMOs of maximum 50% of their share of the “Joint NEMO” costs of the Belgian Bill; and
  - Cost contribution by Elia to NEMOs of maximum 50% of their share of the National Joint NEMO costs.
- CREG will review the above principles for cost contribution at least on a two-yearly basis.
- (18) The CREG Guidance sets forth that:
- It will apply as of the 1<sup>st</sup> of January 2018;
  - Taken commitments on cost recovery principles for the period between 14<sup>th</sup> of February 2017 and 31<sup>th</sup> of December 2017 are to be respected (no retro-active application of the CREG Guidance);
  - Where costs related to the period as of 14<sup>th</sup> of February 2017 until the application of the Guidance are re-allocated in accordance with CACM provisions (e.g. defining a Belgian Bill), these costs must be re-settled accordingly on Belgian level, thereby respecting the initial cost recovery principles between TSOs and NEMOs that applied before the CREG Guidance but only covering newly allocated costs to Belgium.
- (19) The CREG Guidance requires that Elia submits for approval the cost contribution proposal for year Y in year Y-1, based on a best estimation of costs. The actual contribution of Elia in year Y will be reported through an ad hoc report and controlled in Y+1.



- (20) This document is a proposal by ELIA, on the basis of financial data provided by the passporting and designated NEMOs in Belgium, for a contribution by Elia to costs incurred by designated or passporting NEMOs in Belgium for establishing, amending and operating the single day-ahead and intraday coupling for the calendar year 2018 (hereinafter “Cost Contribution Proposal”), in accordance with Article 76(2) of CACM Regulation and in line with the principles defined in the CREG Guidance.

In case CREG Guidance would be amended, Elia, together with passporting and designated NEMOs in Belgium, will amend this Cost Contribution Proposal accordingly.

- (21) This Cost Contribution Proposal does not deal with costs incurred by Central Counter Parties (CCPs) and Shipping Agents for clearing and settlement in accordance with Article 77 of CACM Regulation. Any contribution from Elia to these costs will be subject to a separate decision of CREG.
- (22) Article 9(9) of the CACM Regulation requires that the expected impact of this Cost Contribution Proposal on the objectives of the CACM Regulation is described. The impact is presented below in recital 23.
- (23) This Cost Contribution Proposal contributes to - and does not in any way hamper - the achievement of the objectives of Article 3 of the CACM Regulation. The cost contribution principles set forward in this Cost Contribution Proposal:
- a. ensure a fair and non-discriminatory treatment of TSOs and NEMOs and creates a level playing field in accordance with objectives 3(a) and (i) of CACM Regulation since
    - i. Joint TSO-NEMO costs are split on an equal basis between TSOs and NEMOs; and
    - ii. the level of cost contribution by Elia is identical for all designated or passporting NEMOs in Belgium.
  - b. contribute to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union since:
    - i. clear principles on cost sharing and cost contribution for all involved actors regarding costs related to the establishing, amending and operating of the single day-ahead and intraday coupling will facilitate the further developments; and
    - ii. the cost contribution principles defined in this proposal provides incentives for involved NEMOs and TSOs to pursue the most efficient implementation of the single day-ahead and intraday coupling

SUBMITS THE FOLLOWING PROPOSAL FOR APPROVAL TO THE CREG:

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## **TITLE 1**

### **Article 1**

#### **Subject matter and scope**

1. This Cost Contribution Proposal is the proposal regarding the contribution of Elia, in accordance with Article 76(2) of CACM Regulation and following the principles of the CREG Guidance, to costs incurred by passporting or designated NEMOs in Belgium for establishing, amending and operating the single day-ahead and intraday coupling for calendar year 2018<sup>1</sup>.
2. This Cost Contribution Proposal defines how the Belgian Bill (Common (EU) and Regional costs), in accordance with Article 80(3) and (4) of CACM Regulation is shared between Elia and passporting and designated NEMOs in Belgium and how to deal with Regional specific sharing keys defined under Article 80(4) of CACM Regulation.
3. This Cost Contribution Proposal provides a detailed description of the principles that will be applied for cost contribution by Elia for the calendar year 2018 under Article 76(2) of CACM Regulation. A budgeted amount for cost contribution is established on the basis of estimated costs by passporting and/or designated NEMOs in Belgium.
4. This Cost Contribution Proposal does not deal with costs incurred by Central Counter Parties (CCPs) and Shipping Agents for the clearing and settlement in accordance with Article 77 of CACM Regulation. Any contribution from Elia to these costs will be subject to a separate decision of CREG.
5. The Cost Contribution Proposal establishes clear principles for the settlement, reporting and ex-post reconciliation of the cost contribution by Elia for the calendar year 2018.
6. This proposal is subject to approval by CREG in accordance with Article 9(8)(e) of CACM Regulation.

### **Article 2**

#### **Definitions and interpretation**

1. In this Cost Contribution Proposal, unless the context requires otherwise:
  - a) the singular indicates the plural and vice versa;
  - b) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of this Cost Contribution Proposal;
  - c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

### **Article 3**

#### **Cost sharing of costs related to establishing, amending and operating the single day-ahead and intraday coupling**

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<sup>1</sup> Costs incurred in the period between 14<sup>th</sup> of August 2017 and 31<sup>st</sup> of December 2017 will be treated in accordance with All NRA Guidance of May and July 2017 and CREG Guidance of November 2017.

1. For the purpose of this Cost Contribution Proposal, the costs for establishing, amending and operating the single day-ahead and intraday coupling shall be broken down in following categories:
  - a. Day-ahead and Intraday;
  - b. Common (EU), Regional and National;
  - c. Development (establishing), Amendment (updating) and Operation (operating); and
  - d. Joint TSOs, Joint TSO-NEMO and Joint NEMO costs.

Individual NEMO costs will be reported as a separate category of costs on National level.

2. The Belgian Bill that results from the application of Article 80(3) and Article 80(4) of CACM Regulation and the National costs shall be allocated to Elia, passporting and designated NEMOs in the following way:
  - a. Common, Regional and National “Joint TSO” costs are allocated integrally to Elia;
  - b. 50% of the Common, Regional and National “Joint TSO-NEMO” costs are allocated to Elia and 50% is allocated to the designated and passporting NEMOs in Belgium;
  - c. Common, Regional and National “Joint NEMO” costs are allocated integrally to the designated and passporting NEMOs in Belgium; and
  - d. Individual National NEMO costs are integrally allocated to the concerned NEMO.
3. The resulting share of the Belgian Bill for passporting and designated NEMOs in Belgium will, in accordance with the CREG Guidance, be split amongst them on the basis of their voting rights, allocated pursuant the provision in Article 9(2) of CACM Regulation. For 2018 the voting rights are allocated 90% to EPEX Spot Belgium and 10% to Nord Pool, without prejudice to the yearly decision of the Minister regarding the voting right allocation.
4. Regional costs that are shared on the basis of a Regional sharing key in accordance with Article 80(4) of CACM Regulation are allocated directly to the respective TSOs and NEMOs and are therefore excluded from the Belgian Bill unless otherwise defined in the sharing key.
5. The application of the principles of Article 3(1) to 3(3) of this Cost Contribution Proposal results in a detailed breakdown of costs that are supported respectively by Elia and passporting or designated NEMOs in Belgium (before the application of any cost contribution by Elia in accordance with Article 76(2) of CACM Regulation).

#### **Article 4**

##### **Principles for the contribution by Elia to costs related to establishing, amending and operating the single day-ahead and intraday coupling**

1. Elia proposes following contribution, in accordance with Article 76(2) of CACM Regulation and in line with CREG Guidance, to the costs for the establishing, amending and operating of the single day-ahead and intraday market for calendar year 2018 that are allocated to passporting and designated NEMOs in Belgium under Article 3 of this Cost Contribution Proposal:
  - a. 50% of the Joint NEMO costs of the Belgian Bill;
  - b. 50% of the Joint NEMO costs on National level; and
  - c. Any cost contribution approved by CREG for regional costs that are subject to a regional specific sharing key in accordance with Article 80(4) of CACM Regulation.

#### **Article 5**

##### **Overview of projects and costs eligible for cost sharing and cost contribution**

1. Following costs are eligible for cost sharing and cost contribution in accordance with Article 3 and 4 of this Cost Contribution Proposal:
  - a. Day-ahead specific:
    - i. Multi-Regional Coupling Project (MRC Project);
    - ii. Price Coupling of Regions (PCR Project);
    - iii. All NEMO Committee Costs; and
    - iv. Core FB MC Joint Project (not formally established yet).
  - b. Intraday specific:
    - i. XBID project;
    - ii. All NEMO Committee Costs;
    - iii. Core FB MC Joint Project (not formally established yet)
    - iv. Local Implementation Projects (LIPs); and
    - v. Rollback costs.

These costs shall be broken down in the cost categories defined under Article 3(1) of this Cost Contribution Proposal. Further details of the subcategories of these costs can be found in the Annex 4. Annex 7 and 8 provide the rationale by respectively EPEX Spot Belgium and Nord Pool for cost contribution of the above costs.

2. For the establishment of this Cost Contribution Proposal, Elia assumed that following costs do not fall under Article 76(1) of CACM Regulation:
  - a. CWE Joint Project (operational and project oriented) costs and CWE MPLS costs under the CWE Framework Agreement: Elia proposes that, at least temporarily, the above CWE related costs continue to be governed by the existing (or –as the case may be- updated) regional specific sharing key. These costs are therefore directly allocated to the different project parties, without further cost contribution. The same might apply in the future for costs related to the Core FB MC Joint Project under Article 5(1); and
  - b. Simulation Facility costs (i.e. tool to simulate market coupling): Elia proposes that the already agreed cost sharing and cost contribution principles will be (at least temporarily) maintained.

Elia will inform CREG in case there would be a decision on Common (EU) or Regional level that these costs are to be considered as costs related to establishing, amending and operating the single day-ahead and intraday market. In such case Elia will inform CREG as soon as possible and will provide an update of the Table 1 under Article 5(3) and Annex 4 reflecting this change.

For the sake of completeness, an estimation of the 2018 costs related to the costs under this paragraph can be found in Annexes 4 and 5.

3. Table 1 provides an overview of estimated cost for 2018 for the different cost categories of the Belgian Bill. It also provides an overview of the split of costs between Elia and the passporting and designated NEMOs in Belgium and an estimated budget for cost contribution by Elia for calendar year 2018.

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**Table 1: overview Belgian Bill (day-ahead and intraday) and split amongst TSO and NEMOs**

[...]

When submitting this Cost Contribution Proposal, no costs were identified on National Level that are eligible for cost contribution in accordance with CREG Guidance.

4. Annex 4 provides a detailed breakdown of the estimated costs under Article 5(1) into the different categories of Article 3(1). The Belgian Bill is defined on the basis of an estimated sharing key for Belgium. In addition a more detailed estimation of the budget for cost contribution by Elia to passporting and designated NEMOs in Belgium for calendar year 2018 is provided in Annex 4. Finally Annexes 4 and 5 show detailed assumptions on the amount of costs considered and the applied sharing keys.
5. The assumptions and cost estimations under paragraph 3 and 4 of this Article are based on the latest information available when submitting this Cost Contribution Proposal and might be subject to changes during 2018.
6. Elia will contact CREG in case new costs or projects, not listed under Article 5(1) and (2) of this Cost Contribution Proposal, would occur in 2018 that might qualify for cost sharing and cost contribution. Where CREG agrees to include those costs, Elia will provide an update of Table 1 under Article 5(3) and Annexes 4 and 5 of this Cost Contribution Proposal.

## **Article 6**

### **Conditions for cost sharing and cost contribution**

1. In order for Joint TSO-NEMO and Joint NEMO costs to be eligible for respectively cost sharing under Article 3 and cost contribution under Article 4 of this Cost Contribution Proposal, following conditions need to be fulfilled:
  - a. the costs result from one of the projects listed under Article 5(1) or –in case of future changes- 5(2) or 5(6) of this Cost Contribution Proposal;
  - b. the costs should have a clear contractual basis (or, where applicable, result from a decision of the relevant governance body of the project);
  - c. the invoiced costs should be validated in an official governance body of the respective projects (and proof of underlying validation and a copy of the original invoice is to be provided);
  - d. costs should be auditable and should be known and communicated ex-ante to Elia;

- e. a detailed description of the costs will be provided, including a justification of why costs are subject to cost sharing or cost contribution under this Cost Contribution Proposal; and
  - f. costs will be subject of the report under Article 80(1) of CACM Regulation.
2. Costs not fulfilling the conditions under paragraph 1 will not be subject to cost sharing or cost contribution under this Cost Contribution Proposal.

## **Article 7**

### **Cost contribution settlement, reporting and reconciliation**

1. For 2018, Elia will perform cost contribution to NEMOs on a quarterly basis. The NEMOs will send at the beginning of each quarter an invoice to Elia for the corresponding quarter on the basis of the estimated cost contribution under Article 5 (i.e. 1/4<sup>th</sup> of the estimated budget per quarter).
2. Elia, together with passporting and designated NEMOs in Belgium, will submit a final report to CREG with the actual cost sharing and contribution in 2018 before 15<sup>th</sup> of February 2019, on the basis of the template defined in Annex 6 of this document.
3. The passporting and designated NEMOs will provide Elia the required information to perform the reporting of costs under paragraph 2, at latest on the 31<sup>st</sup> of January of 2019.
4. If requested by CREG, Elia and passporting or designated NEMOs shall, within the deadlines imposed by CREG, provide additional information necessary to facilitate the assessment of the costs incurred. In this process, Elia shall consolidate these questions and intervene as intermediary between CREG and the passporting or designated NEMOs.
5. The CREG shall take a decision on the report under paragraph 2 within 2 months after submission.
6. An ex-post reconciliation for cost contribution in 2018 will take place to settle the difference between the settled cost contribution under paragraph 1 of this Article (based on budget) and the actual cost contribution (on the basis of actual incurred costs) defined in the approved 2018 yearly report under paragraph 2 of this Article. Where, on the basis of the report approved by CREG, the actual cost contribution on basis of real incurred costs:
  - a. exceeds the already settled budgeted amount under paragraph 1 of this Article, Elia will settle the difference with NEMOs within two months after the approval by CREG of the report (e.g. by invoice of NEMO to Elia);
  - b. is below the already settled budgeted amount under paragraph 1 of this Article, NEMOs will settle the difference with Elia within two months after the approval by CREG of the report. (e.g. by credit note of NEMO to Elia).
7. Where CREG rejects parts of the costs of the report under paragraph 2, these costs will be re-settled between Elia and the passporting and designated NEMOs in Belgium in accordance with the CREG decision within two months after the said decision by CREG.
8. Elia reserves the right to suspend future cost contribution to a NEMO in case the respective NEMO does not respect the principles under paragraph 6(b) or 7 of this Article.

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## **Article 8**

### **Confidentiality**

1. This report contains sensitive commercial information of passporting and/or designated NEMOs in Belgium.
2. Elia will only use the data provided by the NEMOs for the purpose of this Cost Contribution Proposal, the report under Article 7(2) and, where required, to fulfil the process under Article 80(1) of CACM Regulation).

## **Article 9**

### **Implementation date**

1. This Cost Contribution Proposal will apply, once approved, with retroactive effect as of 1/1/2018 for any cost contribution by Elia to passporting or designated NEMOs in Belgium for costs related to establishing, amending and operating the single day-ahead and intraday market in 2018.

## **Article 10**

### **Language**

1. The reference language for this Cost Contribution proposal shall be English. For the avoidance of doubt, given the need for ELIA to translate this Cost Contribution Proposal into the national language(s), in the event of inconsistencies between the English (non-confidential) version published by ELIA in accordance with Article 9(14) of the CACM Regulation and any version in another language, ELIA shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Cost Contribution Proposal.

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## Annexes

### **Annex 1 (a&b): Letter of All NRAs of 10<sup>th</sup> of May 2017 on guidance for preparing the Yearly Report under Article 80 of CACM Regulation**

Annex 1 is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).

### **Annex 2: Letter of All NRAs of 10<sup>th</sup> of July on CACM Costs**

Annex 2 is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).

### **Annex 3: Letter of CREG of 23<sup>th</sup> of November 2017 on “Guidance on the sharing of costs incurred for the establishing, amending and operating single day-ahead and intraday coupling”**

Annex 3 is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).



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#### **Annex 4: Detailed cost contribution overview**

Annex 4 provides a more detailed overview on the estimated cost contribution, including:

- details related to the used sharing key for determining the Belgian Bill;
- overview tables of the costs enlisted in Article 5(1) broken down according to Article 3(1) of this Cost Contribution Proposal;
- detailed cost breakdown per project or budget to the extent possible, giving more clarity on included subcategories; and
- the calculation of the Belgian Bill for day-ahead and intraday, the sharing of the Belgian Bill in accordance with Article 3(2), and cost contribution by Elia to NEMOs in Belgium in accordance with principles of Article 4.

#### **Details on the applied cost sharing keys for determining the Belgian Bill:**

In order to obtain the Belgian Bill a sharing key will be applied on the following costs:

- The Common (EU) costs: sharing key defined in accordance with Article 80(3) of CACM and the All NRAs letter of 10<sup>th</sup> of May 2017 on “NRAs guidance to NEMOs and TSOs for preparing the Yearly Report on cost as referred to Article 80 et seq of the CACM Guideline” and their letter of 10<sup>th</sup> of July 2017 on “CACM costs”;
- The Regional costs: either the same sharing key as for Common (EU) costs in accordance with Article 80(3) of CACM Regulation or a regional specific sharing key that defines a cost share for each member state in the Region in accordance with Article 80(4) of CACM Regulation.

For the Common (EU) costs the sharing key used in this Cost Contribution report is based on the figures provided in the “Mock Report 2016 Common Cost Sharing”. This report is discussed and reviewed on European level between NEMOs, TSOs and NRAs and provides a common reference for all parties on the sharing keys applicable for day-ahead and intraday for the Common (EU) costs.

Elia wants to highlight that these sharing keys are estimations which, with the assumptions stated above, lead to a first substantiated calculation of the Belgian Bill for this Cost Contribution Proposal. For the final cost sharing and cost contribution of the actual Common (EU) and Regional costs, the sharing key that will be agreed between the NEMOs and TSOs, and approved by the NRAs for 2018 has to be applied.

Further details on the basic data (e.g. consumption volumes per member state), additional assumptions and calculations of the sharing key can be found in the “Mock Report 2016 Common Cost Sharing”. A table with the details of the sharing key applicable in for the establishing, amending and operating categories for day-ahead and intraday is included below:

	1/8 part equal between the Member States	5/8 part shared on consumption per Member state	2/8 part shared on Traded volumes	Finale sharing key to be applied on the EU Common costs to determine the Belgian Bill
<b>Day-Ahead</b>				
Establishing	0,46%	1,80%	0,27%	2,53%
Amending	0,46%	1,80%	0,27%	2,53%
Operating	0,46%	1,80%	0,27%	2,53%
<b>Intraday</b>				
Establishing	0,46%	1,80%	0,72%	2,98%
Amending	0,46%	1,80%	0,72%	2,98%
Operating	0,46%	1,80%	0,72%	2,98%

When submitting this Cost Contribution Proposal, there was no clarity for using a separate sharing key on the categories of “establishing”, “amending” and “operating”. This might however change in the course of 2018.

#### Regional Costs

The CWE (joint) related costs that are enlisted in Article 5(2) are allocated on the basis of a regional sharing key (directly allocated to different parties). As a consequence these costs are not included in the Belgian Bill as there are no a sharing keys to determine a share per Member State.

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**Cost tables with total overview of project and costs eligible for cost sharing and cost contribution**

**Table A:** Sum of the enlisted costs for day-ahead of Article 5(1) broken down in accordance with the categories of Article 3(1) (b), (c) and (d). Estimations based on the received costs forecast of the NEMOs.

[...]

**Table B:** Sum of the enlisted costs for intraday of Article 5(1) broken down in accordance with the categories of Article 3(1) (b), (c) and (d). Estimations based on the received costs forecast of the NEMOs.

[...]

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**Table C:** Details for the day-ahead related costs enlisted in Article 5(1).

[...]

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Costs included in the day-ahead Common (EU) Costs overview are the following:

- PCR costs are splitted in two categories:
  - o Joint NEMO costs; and
  - o Joint TSO-NEMO costs
    - Categorisation of these PCR costs is done on current best knowledge and can be subject to changes in the course of 2018. Besides other costs, the costs related to MNA are a significant share of the Joint TSO-NEMO costs;
- NEMO Committee costs of which a 50% split is proposed by the NEMOs between Day-Ahead and Intraday, and subsequently a 50% split between Establishing/Amending and Operating for both Day-Ahead and Intraday.
  - o Nemo Committee costs can only be subject to sharing and contribution if they are joint NEMO costs (eg. PMO services, convenor costs). Costs of individual NEMOs (e.g. for participation to meetings, travel costs) will not be subject to the principles of sharing and contribution of Article 3 and 4 (treated as Individual National NEMO costs).
  - o These cost will have to be justified by the invoices of the corresponing Joint NEMO costs; and
- MRC costs, based on the budget for 2018.

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**Table D:** Details for each of the intraday costs enlisted in Article 5(1).

[...]

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Costs included in the Intraday Common (EU) Costs overview are the following:

- XBID costs, based on the 2018 XBID budget; and
- NEMO Committee costs of which a 50% split is proposed by the NEMOs between Day-Ahead and Intraday, and subsequently a 50% split between Establishing/Amending and Operating for both Day-Ahead and Intraday.
  - o Nemo Committee costs can only be subject to sharing and contribution if they are joint NEMO costs (eg. PMO services, convenor costs). Costs of individual NEMOs (e.g. for participation to meetings, travel costs) will not be subject to the principles of sharing and contribution of Article 3 and 4 (treated as Individual National NEMO costs).
  - o These cost will have to be justified by the invoices of the corresponding Joint NEMO costs.

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**Table E:** Calculation of the Belgian Bill for the day-ahead costs, including Elia's total contribution to this Belgian Bill. In a first step the allocation to Elia, passporting and designated NEMOs is applied as stated in Article 3(2). In a second step the cost contribution principles of Article 4 are applied.

**Common (EU) Costs:**

[...]



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### **Regional Costs**

- ) When submitting this Cost Contribution Proposal, there were no Regional costs included in the Belgian Bill on which the cost sharing and cost contribution principles of Article 3 and Article 4 are to be applied.
- ) Regional costs where a regional sharing key is applied with direct cost allocation:
  - o CWE related costs under Article 5(2) (estimated budget)

[...]

### **National Costs**

When submitting this proposal, there were no National Costs on which the cost sharing and cost contribution principles of Article 3 and Article 4 are to be applied.

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**Table F:** Calculation of the Belgian Bill for the intraday costs, including Elia's total contribution to this Belgian Bill. In a first step the allocation to Elia, passporting and designated NEMOs is applied as stated in Article 3(2). In a second step the cost contribution principles of Article 4 are applied.

**Common (EU) Costs:**

[...]

**Regional Costs**

- ) When submitting this Cost Contribution Proposal, there were no Regional costs included in the Belgian Bill on which the cost sharing and cost contribution principles of Article 3 and Article 4 are to be applied.
- ) Regional costs where a regional sharing key is applied with direct cost allocation.

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[...]

**National Costs**

When submitting this proposal, there were no National Costs on which the cost sharing and cost contribution principles of Article 3 and Article 4 are to be applied.

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### **Annex 5: assumptions for 2018 budgets under this proposal**

The following budgets were used to define the amounts in Annex 4:

- J PCR Budget 2018, version approved on 18/12/2018;
- J NEMO Committee INC Budget, version circulated to INC on 18.12.2017, approved;
- J MRC Budget 2018, version of MRC SC of 12/12/2018;
- J XBID Budget 2018, version of XBID SC of 14/12/2018; and
- J CWE Regional Costs Budget Estimation:

[...]

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#### **Annex 6: template for the submission of the final cost report under Article 7(2)**

The template is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).

#### **Annex 7 Justification of costs by EPEX Spot Belgium**

The justification by EPEX Spot Belgium of the costs included for 2018 cost contribution under this proposal is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).

#### **Annex 8 Justification of costs by Nord Pool**

The justification by Nord Pool of the costs included for 2018 cost contribution under this proposal is electronically e-mailed to CREG (For attention of Mr. G. Wilmart, [Gilles.Wilmart@creg.be](mailto:Gilles.Wilmart@creg.be)).