

Belgian Capacity Remuneration Mechanism Y-4 2025-2026 Auction: Independent Auditor Report

Commission de Régulation de l'Électricité et du Gaz
(CREG)

22nd October 2021

As updated 26th October 2021



AUCTION REPORT

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1. INDEPENDENT AUDITOR REPORT

This report sets out our conclusions in relation to the auditing of the processes and procedures followed by ELIA in conducting the Capacity Auction Process for the 2025/2026 Y-4 Capacity Auction, with respect to Capacity Auction Submissions submitted between 09:00 on 16th September 2021 and 17:00 on 30th September 2021. This audit is intended to ensure that the processes and procedures followed by ELIA have been correctly carried out in accordance with ELIA's obligations under the Capacity Remuneration Mechanism (CRM) Functioning Rules.

Our auditing duties, defined in the Royal Decree on the Control of the CRM published on 30th May 2021 (applicable from 7th June 2021) in the Official Gazette¹ have been carried out using the CEPA Protocols in line with the CRM Functioning Rules (EN version dated 8th June 2021 v0.2).

1.1. SCOPE OF THE REPORT

This report is produced in accordance with the terms of our engagement contract, dated 7th May 2021, for the purposes of reporting to the Commission de Régulation de l'Électricité et du Gaz (CREG) – in connection with CEPA's arrangement as the Auditor in the context of supervising the correct functioning of the CRM for Belgium.

Under the Functioning Rules, ELIA has various obligations with respect to qualification for and conducting of the Capacity Auctions. These obligations apply to Capacity Auctions which ELIA is obliged to conduct under the Functioning Rules. The Functioning Rules, and its associated procedures, are available here:

<https://www.elia.be/en/electricity-market-and-system/adequacy/capacity-remuneration-mechanism>

CEPA's role as the appointed Auditor for the CRM is to provide independent assurance to the market and the CREG that ELIA has correctly carried out its obligations under the Functioning Rules in respect of qualification for, and running of, Auctions, as set out in the Royal Decree on the Control of the CRM published on 30th May 2021 (applicable from 7th June 2021) in the Official Gazette²

ELIA ran the Capacity Auction Process for the Y-4 auction for Delivery Year 2025/2026 with Bids submitted between 09:00 on 16th September 2021 and 17:00 on 30th September 2021, with Auction results expected to be made available to CRM Candidates on 31st October 2021.

We checked the processes and procedures followed by ELIA for the Capacity Auction Process, as far as possible, in accordance with our auditing duties as defined in the Royal Decree and in line with our Protocols. We provide our conclusions in Section 1.4 below. This report is provided in accordance with Chapter 3, Section 3, Article 7 of the Royal Decree, which sets out the requirement for the Auditor to provide a report to the CREG within five working days of the close of the Capacity Auction, describing:

- whether the computer software used by ELIA correctly applies the applicable provisions of the Functioning Rules;
- our analysis of whether ELIA has conducted the Capacity Auction Process in accordance with the law, its implementing decrees and the Functioning Rules; and, if necessary
- whether CEPA identified any irregularities; and
- whether the list of capacities awarded capacity in the auction is in compliance.

¹ 30 MAI 2021. - Arrêté royal déterminant des modalités du contrôle du bon fonctionnement du mécanisme de rémunération de capacité par la commission de régulation de l'électricité et du gaz : <http://www.ejustice.just.fgov.be/eli/arrete/2021/05/30/2021042010/justel>

² 30 MAI 2021. - Arrêté royal déterminant des modalités du contrôle du bon fonctionnement du mécanisme de rémunération de capacité par la commission de régulation de l'électricité et du gaz.

1.2. OUR APPROACH

We developed a set of protocols and analytical tools to audit the processes and procedures followed by ELIA for the Capacity Auction Process.

In carrying out our duties, we have followed a system of quality control, professional conduct and ethical behaviour of a rigorous standard. This includes documented policies and procedures related to our auditing activities, leadership responsibilities for quality control in the firm, independence and ethical requirements and management of human resources.

We have performed our work as the appointed CRM Auditor based on our fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

1.3. INHERENT LIMITATIONS

Our conclusions are based on historical information. The projection of any information or conclusions in the attached report to any future periods would be inappropriate.

We note that the procedures we performed were not designed to and are not likely to reveal fraud.

A summary of the work we performed for the Capacity Auction Process is included in Appendix A.

1.4. CONCLUSIONS

We believe that the procedures performed, and evidence obtained, provide us with a reasonable basis that, except for the matters described in Section 4 of this report, the Capacity Auction Process for the 2025/2026 Y-4 Auction was conducted by ELIA in accordance with the requirements of the CRM Functioning Rules.

Actual and potential instances of non-compliance are summarised in Section 4.

1.5. COOPERATION OF ELIA THROUGHOUT THE PROCESS

Throughout our monitoring of the Capacity Auction Process, we have had ongoing communication with ELIA. The following have contributed to our checks and development of this report:

Regular communication

We have had weekly meetings between ELIA and CEPA, to discuss any outstanding issues and to share our plans for the coming days/weeks to help the other to work that into their plans. ELIA has been well-prepared and forthcoming with information in these sessions, including setting clear timelines for any required follow-up actions.

IT access

ELIA has provided multiple members of the CEPA team with secure ELIA laptops, including direct access to the CRM IT Interface, the CRM operations mailbox, and prequalification file submissions. These have allowed CEPA to carry out many checks without the need for discussion with ELIA. We consider this represents a high level of transparency – particularly access to the operations mailbox, which allows us to see emails to and from CRM Actors.

We note that there is a separate interface used for ELIA to share information with the CREG. We do not have access to this interface, nor are we copied in on emails from ELIA to the CREG. We are typically able to receive information after a short delay, but it might be useful for ELIA and the CREG to consider whether it would be appropriate for the Auditor to be systematically included on any types of communication or if they would prefer to continue with the current processes.

Ad hoc information requests

We set up a live 'information request' file in which we communicate with ELIA on our requests and/or clarification questions. ELIA has given prompt responses to our information requests.

When required, ELIA provided additional files by making them accessible to us through the secure ELIA laptops.

Summary of our view

Overall, we consider that ELIA has been responsive and helpful in its communication with CEPA. We have had no cause to escalate any issues to the CREG.

1.6. USE OF THE REPORT

This report has been prepared for the exclusive use of CREG in accordance with the scope of our engagement contract as the CRM Auditor. A copy of this report has also been shared with ELIA as per Art. 7 of the Royal Decree.³

Our work was undertaken solely for the purpose of assessing that ELIA has correctly carried out the obligations placed on them under the CRM Functioning Rules in carrying out the Capacity Auction Process. Our work was not planned or conducted with any other objective in mind, and so cannot be relied on for any other purpose. With the exception of providing it to CREG and ELIA, our report is not to be recited or referred to in any document, copied or made available (in whole or part) to any person without our prior written express consent. To the fullest extent permitted by law, CEPA does not accept or assume responsibility to anyone, other than CREG, for this report or for the conclusions we have formed.

³ 30 MAI 2021. - Arrêté royal déterminant des modalités du contrôle du bon fonctionnement du mécanisme de rémunération de capacité par la commission de régulation de l'électricité et du gaz

2. BACKGROUND AND CONTEXT

2.1. BACKGROUND

In the Belgian Capacity Remuneration Mechanism, capacity providers sell qualified capacity to the market for delivery in a future Delivery Year. Capacity providers that are successful in the CRM Auction receive a regular capacity payment that assists with funding generation capacity, and, in return, they have an obligation to generate when the system is stressed.

2.2. OUR ROLE AS CAPACITY REMUNERATION MECHANISM AUDITOR

The Royal Decree states that:

“In the context of its supervisory role as regards the correct functioning of the capacity remuneration mechanism, the commission shall ensure in particular that every pre-auction, every pre-qualification procedure initiated prior to an auction, every auction and every transaction on the secondary market takes place in accordance with the Act of 29 April 1999, the implementing decrees for this Act and the operating rules. The commission shall also verify that there is no market manipulation, anti-competitive behaviour or unfair trading practices in the capacity remuneration mechanism. In the context of the execution of the capacity contracts referred to in Article 7undecies, §11 of the Act of 29 April 1999, the commission shall also ensure that the Act of 29 April 1999, the implementing decrees for this Act, the operating rules and the standard capacity contract are respected.”

It also states that:

“In order to effectively perform the supervisory role referred to in Article 2, the commission may be assisted by an Auditor of the capacity market, who is independent from all capacity holders and appointed for a maximum period of three years. To this end, the commission shall apply the relevant legislation on public contracts. In performing their duties, the Auditor of the capacity market shall act in the name and on behalf of the commission and shall act under its supervision.”

In the context of the Capacity Auction Process, we, as the CRM Auditor, are required to produce a report, within five Working Days after 15th October 2021, that sets out:

- whether the computer software used by ELIA correctly applies the applicable provisions of the Functioning Rules;
- our analysis of whether ELIA has conducted the Capacity Auction Process in accordance with the law, its implementing decrees and the Functioning Rules; and, if necessary
- whether CEPA identified any irregularities; and
- whether the list of capacities awarded capacity in the auction is in compliance.

This report summarises our findings in relation to the Capacity Auction Process run by ELIA, and the provisionally awarded capacity on 15th October. Auction Results notifications will be issued to CRM Candidates on 31st October 2021 after the CREG validates the Auction Results.

2.3. OBJECTIVES AND SCOPE

The main tasks set out for the CRM Auditor are:

- auditing the Prequalification Process to ensure that ELIA has complied with the Functioning Rules;

- being present at the auctions, with full read access to all key software, including access to all bids and all communications between ELIA and all CRM Candidates;
- checking the application of algorithms and calculations for the Auction;
- reporting on whether we consider that ELIA has conducted the Auction in accordance with the Functioning Rules; and
- identifying any actual or potential breach of the rules and regulations or other actual or potential irregularities in the conduct of the Auction by ELIA and an assessment of the consequences.

As CRM Auditor, our duty is to report on all issues that we identify, irrespective of materiality.

This report includes our findings and comments on the Auction Process. Our findings and comments on the Prequalification Process up to and including 15th September 2021 are included in our report delivered on 22nd September 2021.

2.4. SCOPE EXCLUSIONS

In line with our duties, as set out in the Royal Decree, the scope of our review excludes the following:

- Investigation of the auction algorithm (Artelys and N-Side software) itself (other than its outputs);
- Verifying compliance with obligations that take place after the submission of the auction report, e.g., pre-delivery control, availability obligation, payback obligation, etc.
- Detailed investigations of the metering requirements in Annex A of the CRM Functioning Rules.
- Any aspects that occur after the submission of our report, i.e. after 22nd October 2021.

3. AUCTION RESULTS

The Capacity Auction Bid Submission Period for the Delivery Year 2025/26 Y-4 Auction began at 09:00 on 16th September 2021 and ended at 17:00 on 30th September 2021.

The online platform was used by CRM Candidates to submit their bids. The bids were saved in ELIA internal CRM software (Ademar.Prod version 1.0.21.3). ELIA used two different software to run the auction: 1) Artelys and 2) N-Side. Note that we, as the Auditor, did not have read access to these two applications and auction algorithms. Instead, we had access to the auction result outputs saved in AdeMar.

The parameters of the Demand Curve used in the 2025/2026 Y-4 Auction are set out in Table 3.1.

Table 3.1: Original Demand Curve for the 2025/26 Y-4 Capacity Auction

| Points | Quantity (MW) | Price (EUR/MW) |
|-------------|---------------|----------------|
| y-intercept | 0.00 | 75,000.00 |
| Point A | 6,367.00 | 75,000.00 |
| Point B | 7,339.00 | 50,000.00 |
| Point C | 7,339.00 | 0.00 |

The following inputs were used to adjust the Original Demand Curve:

Table 3.2: Volume corrections for the 2025/26 Y-4 Capacity Auction

| Volume corrections | Quantity (MW) |
|---|---------------|
| Partial Opt-out related to new build capacity | 1,108.14 |
| Dummy bid volume | 4,893.64 |
| Reverse dummy bid | 1,026.37 |
| Conditionally selected opt-out volume | 20.40 |
| Non-selected Volume of Reversed dummy bid | 0.00 |

On the one hand, the adjustment to the demand curve for the dummy bid volume decreases the capacity required, so it shifts the demand curve to the left, On the other hand, the reverse dummy bid and partial opt-out related to new build capacity increase the capacity required, so it shifts the demand curve to the right.

The pre-auction Demand Curve was therefore:

Table 3.3: Pre-auction Demand Curve for the 2025/26 Y-4 Capacity Auction

| Points | Quantity (MW) | Price (EUR/MW) |
|-------------|---------------|----------------|
| y-intercept | 0.00 | 75,000.0 |
| Point A | 3,607.87 | 75,000.0 |
| Point B | 4,579.87 | 50,000.0 |
| Point C | 4,579.87 | 0.00 |

The pre-auction Demand Curve is re-adjusted to also account for the Conditionally selected opt-out volume, i.e. this decreases once again the capacity required, so it shifts the demand curve to the left again. This results in the Final Demand Curve (referred to by ELIA as Post-auction Demand Curve):

Table 3.4: Post-auction Demand Curve for the 2025/26 Y-4 Capacity Auction

| Points | Quantity (MW) | Price (EUR/MW) |
|-------------|---------------|----------------|
| y-intercept | 0.00 | 75,000.0 |
| Point A | 3,587.47 | 75,000.0 |

| Points | Quantity (MW) | Price (EUR/MW) |
|---------|---------------|----------------|
| Point B | 4,559.47 | 50,000.0 |
| Point C | 4,559.47 | 0.00 |

For the 2025/26 Y-4 Capacity Auction, ELIA informed us that there were no external grid constraints. However, ELIA made us aware of three physical limitation conflict sets.

Table 3.5: Physical limitation conflict sets for the 2025/26 Y-4 Capacity Auction

| Conflict set | Conflicts with | Reason for non-acceptable combination |
|--------------|----------------|---|
| ✂ | ✂ | <ul style="list-style-type: none"> • ✂ • ✂ • ✂ |
| ✂ | ✂ | <ul style="list-style-type: none"> • ✂ |
| ✂ | ✂ | <ul style="list-style-type: none"> • ✂ |
| ✂ | ✂ | <ul style="list-style-type: none"> • ✂ • ✂ • ✂ |

Of these constrained CMUs, only ✂, ✂, and ✂ submitted bids while the other CMUs did not as they opted out/were archived. As such, these mutual exclusivity constraints were not binding. Furthermore, none of these CMUs were awarded capacity (see Section 3.2 for CMUs provisionally not awarded capacity for more information).

A total of 52 offers were submitted from 44 CMUs (out of a total of 77 pre-qualified CMUs) across 16 CRM Candidates with the total capacity offered equal to 6,906.19 MW.

A total of 4,447.70 MW cleared in the auction, with 40 CMUs (from 44 offers) across 13 CRM Candidates being provisionally awarded capacity. The Auction Clearing Price was 49,993.18 EUR per MW per year.

Out of the 40 CMUs that were selected in the Auction, 23 are Existing CMUs, eight are Additional CMUs and nine are new-built CMUs. Out of the 44 offers, eight have a Capacity Contract Duration of 15 years, one has Capacity Contract Duration of eight years and 35 are subject to a one-year Capacity Contract Duration.

Table 3.6 lists the CRM Candidates and corresponding CMUs that have been provisionally awarded capacity in the Y-4 Auction for Delivery Year 2025/2026. Table 3.8 list the CRM Candidates and corresponding CMUs that have provisionally not been awarded capacity.

3.1. CMUs PROVISIONALLY AWARDED CAPACITY IN THIS CAPACITY AUCTION

Table 3.6: List of Prequalified CRM Candidates and CMUs provisionally awarded capacity in the Y-4 Capacity Auction for the Delivery Year 2025/2026

| CRM candidate | CMU ID | CMU status ⁴ | CMU Technology | Opt-out Volume (MW) | Capacity Contract Duration (years) | Volume of selected bid (MW) | Linked bid |
|-----------------------|-----------|-------------------------|----------------------------|---------------------|------------------------------------|-----------------------------|-------------------------|
| Electrabel | CMU-2xKYy | Existing | Combined Cycle Gas Turbine | ✗ | 1 | 263.74 | CMU-2xL66 |
| Electrabel | CMU-2xL66 | Existing | Combined Cycle Gas Turbine | ✗ | 1 | 143.29 | CMU-2xKYy |
| Electrabel | CMU-2xLC6 | Existing | Combined Cycle Gas Turbine | ✗ | 1 | 133.95 | CMU-2xLEV, CMU-2xLQV |
| Electrabel | CMU-2xLEV | Existing | Combined Cycle Gas Turbine | ✗ | 1 | 133.95 | CMU-2xLC6, CMU-2xLQV |
| Electrabel | CMU-2xLQV | Existing | Combined Cycle Gas Turbine | ✗ | 1 | 150.70 | CMU-2xLC6, CMU-2xLEV |
| Electrabel | CMU-2xM11 | Additional | Combined Cycle Gas Turbine | ✗ | 1 | 139.50 | CMU-2xM6M, CMU-2xM89 |
| Electrabel | CMU-2xM6M | Additional | Combined Cycle Gas Turbine | ✗ | 1 | 139.50 | CMU-2xM11, CMU-2xM89 |
| Electrabel | CMU-2xM89 | Additional | Combined Cycle Gas Turbine | ✗ | 1 | 139.59 | CMU-2xM6M, CMU-2xM11 |
| Electrabel | CMU-2wq8W | New-built | Combined Cycle Gas Turbine | ✗ | 15 | 528.71 | CMU-2wsfO |
| Electrabel | CMU-2wsfO | New-built | Combined Cycle Gas Turbine | ✗ | 15 | 276.64 | CMU-2wq8W |
| Electrabel | CMU-2wUnW | New-built | Combined Cycle Gas Turbine | ✗ | 15 | 526.89 | CMU-2wV30 |
| Electrabel | CMU-2wV30 | New-built | Combined Cycle Gas Turbine | ✗ | 15 | 269.36 | CMU-2wUnW |
| INEOS Oxide Utilities | CMU-34alb | Existing | Combined Heat and Power | ✗ | 1 | 42.87 | CMU-34aIW, CMU-34XPB |

⁴ Existing Capacity, Additional Capacity or New-built Capacity

| CRM candidate | CMU ID | CMU status ⁴ | CMU Technology | Opt-out Volume (MW) | Capacity Contract Duration (years) | Volume of selected bid (MW) | Linked bid |
|---------------------------------|-----------|-------------------------|----------------------------|---------------------|------------------------------------|-----------------------------|----------------------|
| INEOS Oxide Utilities | CMU-34aIW | Existing | Combined Heat and Power | ✂ | 1 | 42.87 | CMU-34alb, CMU-34XPB |
| INEOS Oxide Utilities | CMU-34XPB | Existing | Combined Heat and Power | ✂ | 1 | 46.50 | CMU-34aIW, CMU-34alb |
| Flexcity Belgium | CMU-2wUZ1 | Additional | Emergency generator | ✂ | 1 | 4.16 | N/A |
| Electrabel | CMU-2wws0 | Existing | Open Cycle Gas Turbine | ✂ | 1 | 38.70 | N/A |
| Electrabel | CMU-2xcO5 | Existing | Turbojets | ✂ | 1 | 64.00 | N/A |
| Ruien Energy Storage | CMU-2xDYX | New-built | Large-scale batteries | ✂ | 15 | 5.28 | N/A |
| Flexcity Belgium | CMU-2xgpb | Existing | Aggregated technologies | ✂ | 1 | 6.20 | N/A |
| Flexcity Belgium | CMU-2xJUf | Existing | Aggregated technologies | ✂ | 1 | 5.46 | N/A |
| Flexcity Belgium | CMU-2z2PN | Existing | Demand side management | ✂ | 1 | 90.00 | N/A |
| ExxonMobil Petroleum & Chemical | CMU-2z8Y5 | Existing | Combined Heat and Power | ✂ | 1 | 21.20 | N/A |
| ExxonMobil Petroleum & Chemical | CMU-2z8Y5 | Existing | Combined Heat and Power | ✂ | 1 | 21.20 | N/A |
| ExxonMobil Petroleum & Chemical | CMU-2z8Y5 | Existing | Combined Heat and Power | ✂ | 1 | 21.20 | N/A |
| ExxonMobil Petroleum & Chemical | CMU-2z8Y5 | Existing | Combined Heat and Power | ✂ | 1 | 21.20 | N/A |
| ExxonMobil Petroleum & Chemical | CMU-2z8Y5 | Existing | Combined Heat and Power | ✂ | 1 | 21.20 | N/A |
| Zandvliet Power | CMU-2zjll | Existing | Combined Cycle Gas Turbine | ✂ | 1 | 354.61 | N/A |

| CRM candidate | CMU ID | CMU status ⁴ | CMU Technology | Opt-out Volume (MW) | Capacity Contract Duration (years) | Volume of selected bid (MW) | Linked bid |
|-------------------------------------|-----------|-------------------------|----------------------------|---------------------|------------------------------------|-----------------------------|------------|
| Flexcity Belgium | CMU-2znKC | Existing | Demand side management | ✗ | 1 | 132.60 | N/A |
| Flexcity Belgium | CMU-2znKH | Existing | Combined Heat and Power | ✗ | 1 | 22.00 | N/A |
| Flexcity Belgium | CMU-2zPoD | Existing | Aggregated technologies | ✗ | 1 | 4.00 | N/A |
| Electrabel | CMU-2zTy0 | Existing | Combined Heat and Power | ✗ | 1 | 37.06 | N/A |
| RWE Generation Nederland B.V. | CMU-307ED | Additional | Combined Cycle Gas Turbine | ✗ | 1 | 382.20 | N/A |
| Tessenderlo Group | CMU-308di | Additional | Combined Cycle Gas Turbine | ✗ | 1 | 12.00 | N/A |
| Flexcity Belgium | CMU-32JJK | Additional | Combined Heat and Power | ✗ | 1 | 37.20 | N/A |
| Flexcity Belgium | CMU-32JMP | Additional | Combined Heat and Power | ✗ | 1 | 37.20 | N/A |
| Centrica Business Solutions Belgium | CMU-33llu | Existing | Demand side management | ✗ | 1 | 64.47 | N/A |
| Flexcity Belgium | CMU-33owX | Existing | Aggregated technologies | ✗ | 1 | 8.00 | N/A |
| Centrica Business Solutions Belgium | CMU-349dt | New-built | Small scale storage | ✗ | 8 | 2.64 | N/A |
| Flexcity Belgium | CMU-34vtN | Existing | Demand side management | ✗ | 1 | 4.16 | N/A |
| Alco Bio Fuel | CMU-34ZUx | Existing | Combined Heat and Power | ✗ | 1 | 12.50 | N/A |
| Storm 67 | CMU-36KCI | New-built | Large-scale batteries | ✗ | 15 | 25.20 | N/A |
| ArcelorMittal Belgium | CMU-36kwQ | New-built | Combined Cycle Gas Turbine | ✗ | 15 | 6.00 | N/A |
| Nala Renewables Belgium BV | CMU-36LFD | New-built | Small scale storage | ✗ | 15 | 8.00 | N/A |

3.2. CMUs PROVISIONALLY NOT AWARDED CAPACITY IN THIS CAPACITY AUCTION

Table 3.7: List of Prequalified CRM Candidates and CMUs provisionally not awarded capacity⁵ in the Y-4 Capacity Auction for the Deliver Year 2025/2026

| CRM candidate | CMU ID | CMU status ⁶ | CMU Technology | Opt-out Volume (MW) | Capacity Contract Duration (years) | Offered volume (MW) | Linked bid |
|---------------|--------|-------------------------|----------------|---------------------|------------------------------------|---------------------|------------|
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |
| ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ | ✂ |

⁵ i.e. non selected bids

⁶ Existing Capacity, Additional Capacity or New-built Capacity

4. SUMMARY OF ISSUES IDENTIFIED WITH THE CAPACITY AUCTION PROCESS

We performed our role as CRM Auditor in relation to the Capacity Auction Process for the Y-4 Auction for Delivery Year 2025/2026, in line with our obligations to audit the conduct of the CRM Auctions by ELIA.

For the 2025/26 Y-4 Auction, we did not identify any instances of non-compliance as part of our checks (see Appendix A for a description of the work we performed). Consequently, we do not report any Issue Logs. In Section 4.1, we highlight any further considerations, which represent issues that do not represent non-compliance, but we wish to bring to CREG’s attention with respect to this Capacity Auction Process.

4.1. FURTHER CONSIDERATIONS

4.1.1. ✂

Summary

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✂

4.1.2. Classification of new-built capacity in AdeMar is not obvious

Summary

AdeMar and the Functioning Rules distinguish between Existing Capacity and Additional Capacity. Where new capacity is built, it is captured under Additional Capacity, and no further distinction is maybe.

In AdeMar more specifically, a CMU is classified based on its “CMU status” as “Existing” or “Additional”. ✕

It would be useful for the “CMU status” to clearer make a distinction between Existing Capacity, Additional Capacity and New-built Capacity. It may also be useful to define this more clearly in the Functioning Rules.

The distinction between Additional and new-built capacity is useful for the purpose of calculating the dummy bid contribution. Partial opt-outs associated with new built installations are considered IN subject to the offer associated with the unit being selected in the auction clearing.

In the table below, we show all Additional CMUs and whether they are new-built capacity or not based on additional information provided by ELIA.

Table 4.1: Summary of Additional CMUs and whether it is also new-built capacity

| CRM Candidate/Actor | CMU ID | New-built capacity? |
|-------------------------------------|-----------|---------------------|
| ArcelorMittal Belgium | CMU-36kwQ | Yes |
| ArcelorMittal Belgium | CMU-36Rvq | Yes |
| Bali Wind | CMU-2z56S | Yes |
| Bali Wind | CMU-36g4N | Yes |
| Centrica Business Solutions Belgium | CMU-349dt | Yes |
| Centrica Business Solutions Belgium | CMU-34pIK | No |
| Electrabel | CMU-2wq8W | Yes |
| Electrabel | CMU-2wsfO | Yes |
| Electrabel | CMU-2wsg4 | Yes |
| Electrabel | CMU-2wUnW | Yes |
| Electrabel | CMU-2wV30 | Yes |
| Electrabel | CMU-2xM11 | No |
| Electrabel | CMU-2xM6M | No |
| Electrabel | CMU-2xM89 | No |
| Flexcity Belgium | CMU-2wUZ1 | No |
| Flexcity Belgium | CMU-32JJK | No |
| Flexcity Belgium | CMU-32JMP | No |
| InnoVent | CMU-2xadZ | Yes |
| Luminus | CMU-31D4O | Yes |
| Luminus | CMU-31Dt2 | Yes |
| Luminus | CMU-31E16 | Yes |
| Luminus | CMU-31EFA | Yes |
| Luminus | CMU-31FsJ | No |
| Luminus | CMU-31FxX | No |
| Nala Renewables Belgium BV | CMU-36LFD | Yes |
| Ruien Energy Storage | CMU-2xDYX | Yes |
| RWE Dils-Energie | CMU-31Wil | Yes |
| RWE Dils-Energie | CMU-31WOY | Yes |
| RWE Generation Nederland B.V. | CMU-307ED | No |
| Storm 67 | CMU-36KCI | Yes |
| Tessengerlo Development Services | CMU-31ti2 | Yes |

| CRM Candidate/Actor | CMU ID | New-built capacity? |
|-----------------------|-----------|---------------------|
| Tessenderlo Group | CMU-308di | No |
| Total Renewables SASU | CMU-31xt3 | Yes |

For the next auction, it would be useful if AdeMar could clearly distinguish between Additional Capacity vs New-built Capacity. ELIA and CREG may wish to consider defining this more clearly as well in the Functioning Rules.

4.1.3. Timing of the Federal Public Service Economy to verify whether a CRM Prequalified Candidate has renounced other variable operating aid

Summary

The timing of the Federal Public Service Economy to verify whether a CRM Prequalified Candidate must renounce any other variable operating aid to participate in the CRM does not fully align with the Auction timetable.

The Federal Public Service Economy, as a government entity that has a role in the CRM, checks whether a CRM Candidate receives operating aid and whether that operating aid needs to be renounced by the recipient to participate in the CRM Auction.

For the 2025/26 Y-4 Auction, ELIA reminded CRM Candidates prior to submitting their prequalification files that the CRM support is not compatible with other variable subsidies related to the delivery period for this auction. In order to participate in the CRM and become a CRM Prequalified Candidate, the CRM Candidate would need to submit an “abandon of subsidies declaration” as part of its Prequalification file.

As of 28th September, we understand from ELIA, that it did not receive any “declaration of abandon” of variable operating aid from any CRM Prequalified Candidate. We understand that the process followed by the Federal Public Service Economy to verify the subsidy status of CRM Prequalified Candidates and to notify ELIA does not fully align with the CRM Auction timings, and the results will only be available to ELIA after the end of auction clearing.

It would be preferable for ELIA to receive confirmation from the Federal Public Service Economy with regards to any CRM Prequalified Candidate needing to give up its operating aid prior to the end of the Prequalification process, or, at the latest, prior to the auction gate closure. ELIA could then ensure that the CRM Prequalified Candidates receiving operating aid that cannot participate in the auction do not do so.

4.1.4. Method of communication between ELIA and CRM Actors

Summary

FR-22 sets out “*Apart from exceptions provided for under these Functioning Rules, all communications and notifications between a CRM Actor and ELIA shall be effected via the CRM IT interface*”.

However, FR-22 does not explicitly elaborate on what those exceptions are, and other provisions of the FR do not make an explicit reference to FR-22.

ELIA shall use the CRM IT Interface for communication with CRM Candidates, apart from where the Functioning Rules specify exceptions. We understand that exceptions can lead to email communication, but telephone calls are not considered as formal correspondence. However, the FR-22 does not explicitly list the exceptions.

We have identified the following exceptions throughout the Functioning Rules that apply to the prequalification and auction phases, but note there may be other instances:

- Email communication due to urgent adjustments to procedural requirements and/or technical requirements (FR-30);
- sending of documents such as CDSO (FR-53);

- communication of submission dates (FR-127);
- problem with automatic data exchange (FR-221);
- email overview from ELIA to CRM Candidate after bid submission (FR-255); and
- cancelled bid status due to bid being from a suppressed CMU communication (FR-258)

We consider it would be preferable to state the exceptions with reference to FR-22 explicitly in the next iteration of the Functioning Rules.

We note that FR-22 appears to have been satisfied for both the pre-qualification and auction stages. Based on spot checks of the CRM inbox, ELIA appears to be compliant with FR-22, and the use of emails did not extend beyond those exceptions listed above.

4.1.5. Loss of bid status due to an update of the Auction tool

Summary

FR-251 stipulates once bids are marked as 'saved', the CRM candidate can initiate a compliance check. Upon passing the compliance check, bids are marked as 'compliant'.

However, during the bid submission period, an update of the Auction tool (AdeMar) caused previously compliant bids to lose their bid compliance status.

We identified a bid, by X (the only bid for this CMU), that was marked as saved but did not have a status of 'compliant' or 'non-compliant'.

ELIA confirmed that the CRM Actor had previously initiated a compliance check for this bid when it was initially saved on 8th September 2021 and was found to be compliant. However, ELIA subsequently released an updated version of the Auction tool on 16th September 2021, and an error caused the bid of X to lose its compliance status. After this issue was recognised, the CRM Candidate had the option to return to the tool to initiate the compliance process once again. In this particular case, the CRM Candidate decided to abandon its bid and opt out instead, and as such did not return to the Auction tool to re-initiate the bid compliance check. This explains why the compliance status remains empty.

ELIA has confirmed that this issue was unique to this singular bid. ELIA followed up by phone to all CMU Actors who had the obligation to bid (its Eligible Volume, i.e. volume that is not opt-out), to ensure a good comprehension of the bidding requirements, and a proper understanding of the bid platform. It was during this phone call that the CRM Actor for X expressed their wish to abandon this bid. ELIA has also confirmed that all other bids were successfully submitted, and that no other updates triggered problems with the bid status.

We understand that ELIA has raised this issue as part of the tool improvement process it is undertaking ahead of next year to ensure this error does not re-occur next year.

Appendix A **SUMMARY OF WORK PERFORMED**

Due to the ongoing travel restrictions and social distancing due to the COVID-19 pandemic, the Auditor was unable to conduct a site visit at the System Operator’s premises in Belgium, and fully remote auditing of the prequalification was discussed and agreed upon with the CREG. This has not impacted on our ability to undertake our checks in preparation for this report. The information required to undertake the necessary checks was collected via our direct read only access to the CRM Interface as well as other ELIA documents and by means of emails and phone calls with ELIA.

The areas of the Functioning Rules checked at the time of issuing this report are outlined in the table below.

Table A.1: Summary of the CRM Functioning Rules sections checked by the Auditor in preparing this report⁷

| CRM Functioning Rules Chapter | CRM Functioning Rules Section | CRM Functioning Rules Subsection | CRM Functioning Rules Subsections | | |
|-------------------------------|--|----------------------------------|-----------------------------------|------------------------------|---|
| | | | Level 3 | Level 4 | Paragraph |
| 2 General Provisions | 2.2 Interpretation | | | | 15 |
| | 2.5 Communication | 2.5.1 Notifications | | | 22 |
| | 2.6 CRM IT interface and IT requirements | | | | 30 |
| | 2.7 Data accuracy | | | | 35 |
| | 2.8 Confidentiality | | | | 41 |
| 4 Service Time Schedule | 4.1 Key milestones | | | | 48 |
| | 4.3 Timings per operational process | 4.3.1 Prequalification Processes | 4.3.1.1 Opt-out notifications | | 51 |
| 5 Prequalification process | 5.3 Review of the information submitted | 5.3.2 Prequalification file | | | 92 ⁸ |
| | 5.4 Volumes determination | 5.4.2 Opt-out volume | | | 143 |
| | | | | 5.4.2.1 Opt-out notification | 5.4.2.1.1 Standard prequalification process |

⁷ Checks related to a Y-1 Auction were out of scope as they did not relate to the 2025/26 Y-4 Auction.

⁸ This paragraph refers to changes between 1st September and 31st October. As our report is due on the 22nd October therefore we have only been able to do these checks up to and including the 21st October.

| CRM Functioning Rules Chapter | CRM Functioning Rules Section | CRM Functioning Rules Subsection | CRM Functioning Rules Subsections | | |
|-------------------------------|-------------------------------|----------------------------------|--|--------------------------------------|-----------|
| | | | Level 3 | Level 4 | Paragraph |
| | | | 5.4.2.2 Classification of opt-out volumes | 5.4.2.2.1 Y-4 Auction | 151 |
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| 5 Prequalification process | 5.4 Volumes determination | 5.4.2 Opt-out volume | 5.4.2.2 Classification of opt-out volumes | 5.4.2.2.1 Y-4 Auction | 153 |
| 6 Auction Process | 6.2 Bid submission | | | | 222 |
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| | | 6.2.1 Bid compliance conditions | 6.2.1.1 Bid compliance conditions for all bids | | 228 |
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| | | | | 6.2.1.1.1 Bid Price | 232 |
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| | | | | 6.2.1.1.2 Bid volume | 234 |
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| | | | | 6.2.1.1.3 Capacity Contract Duration | 238 |
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| CRM Functioning Rules Chapter | CRM Functioning Rules Section | CRM Functioning Rules Subsection | CRM Functioning Rules Subsections | | |
|-------------------------------|-------------------------------|---|--|------------------------------|-----------|
| | | | Level 3 | Level 4 | Paragraph |
| | | | 6.2.1.2 Complementary Bid compliance conditions for 'Linked Bids' and 'Mutually Exclusive Bids' | | 242 |
| | | | 6.2.1.3 Complementary Bid compliance conditions for Bids related to Additional CMUs subject to a technical agreement | | 243 |
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| 6 Auction Process | 6.2 Bid submission | 6.2.2 Bid submission via CRM IT Interface | | | 245 |
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| | | | 6.2.2.1 Bid status | | 247 |
| | | | | 6.2.2.1.1. Status "saved" | 248 |
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| | | | | 6.2.2.1.2 Status "submitted" | 252 |
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| | | 6.2.2.1.3 Status "canceled" | 258 | | |
| | | 6.2.2.2 Bid submission deadline | | 260 | |
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| | 6.3 Auction Clearing | 6.3.1 Dummy Bids | | | 266 |

| CRM Functioning Rules Chapter | CRM Functioning Rules Section | CRM Functioning Rules Subsection | CRM Functioning Rules Subsections | | |
|-------------------------------|-------------------------------|------------------------------------|--|---|-----------|
| | | | Level 3 | Level 4 | Paragraph |
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| | | 6.3.2 Grid constraints | 6.3.2.1 Definitions and Process | | 271 |
| 6 Auction Process | 6.3 Auction Clearing | 6.3.2 Grid constraints | 6.3.2.2 Calculation methodology for electrical transmission grid constraints | | 272 |
| | | | 6.3.2.3 Drivers for Electrical Transmission Grid Constraints | | 273 |
| | | | 6.3.2.4 External grid constraints | | 274 |
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| | | 6.3.3 Auction clearing methodology | 6.3.3.1 Optimization phase | | 283 |
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| | | | 6.3.3.2 Tie-breaking rules | | 288 |
| | | | | 6.3.3.2.1 Tie-breaking rule 1: Carbon dioxide emissions | 289 |
| | | | | 6.3.3.2.2 Tie-breaking rule 2: Capacity Contract Duration | 290 |

| CRM Functioning Rules Chapter | CRM Functioning Rules Section | CRM Functioning Rules Subsection | CRM Functioning Rules Subsections | | |
|-------------------------------|-------------------------------|------------------------------------|-----------------------------------|---|-----------|
| | | | Level 3 | Level 4 | Paragraph |
| | | | | 6.3.3.2.3 Tie-breaking rule 3: First come, first served | 291 |
| | | 6.3.4 Bid remuneration methodology | | | 292 |
| | 6.4 Auction Results | | | | 294 |
| 15 Fallback procedures | 15.2 General principles | | | | 828 |
| 15 Fallback procedures | 15.2 General principles | | | | 829 |
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| | 15.4 Auction process | 15.4.1 Bid submission issue | | | 852 |
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| | | 15.4.2 Grid constraints issues | | | 855 |
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| | | 15.4.3 Auction results issues | | | 860 |



UK

Queens House
55-56 Lincoln's Inn Fields
London WC2A 3LJ

T. +44 (0)20 7269 0210

E. info@cepa.co.uk

www.cepa.co.uk

 [cepa-ltd](https://www.linkedin.com/company/cepa-ltd)  [@cepald](https://twitter.com/cepald)

Australia

Level 20, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

T. +61 2 9006 1308

E. info@cepa.net.au

www.cepa.net.au