

Cross Border Participation to the Belgian Capacity Remuneration Mechanism

The Belgian authorities introduced the Belgian Capacity Remuneration Mechanism (CRM) with a view to maintaining the **required level of security of supply for Belgium**. The CRM aims to **compensate electrical capacity holders** for the portion of their relevant costs that are not compensated by their revenues, known as "missing money", through a yearly remuneration for their capacity. From the first "Delivery Period", 2025-2026 (Auction in 2024), so-called "Indirect Foreign Capacities" are also allowed to participate.

The Cross-border participation to the Belgian CRM is characterized by a few key elements:

Technology neutral & market-wide:

- Open to All technologies contributing to Adequacy
- Any capacity provider can participate in the mechanism for a 1-year contract with either new, existing or refurbished capacity.

Centralized

- Belgian TSO as "single buyer", contracting sufficient forward capacity to ensure adequacy according to Belgian determined reliability standard

Reliability option

- Payback of "windfall" profits above a certain strike price

Other

- Level playing field for Foreign and Belgian capacities
- Maximum participation is limited to the "Maximum Entry Capacity" (MEC*).
- Yearly CRM Delivery Periods from 2025-2026
- Secondary Market available
- Pay-as-bid Auction Clearing with Intermediate Price Cap for 1-year contracts

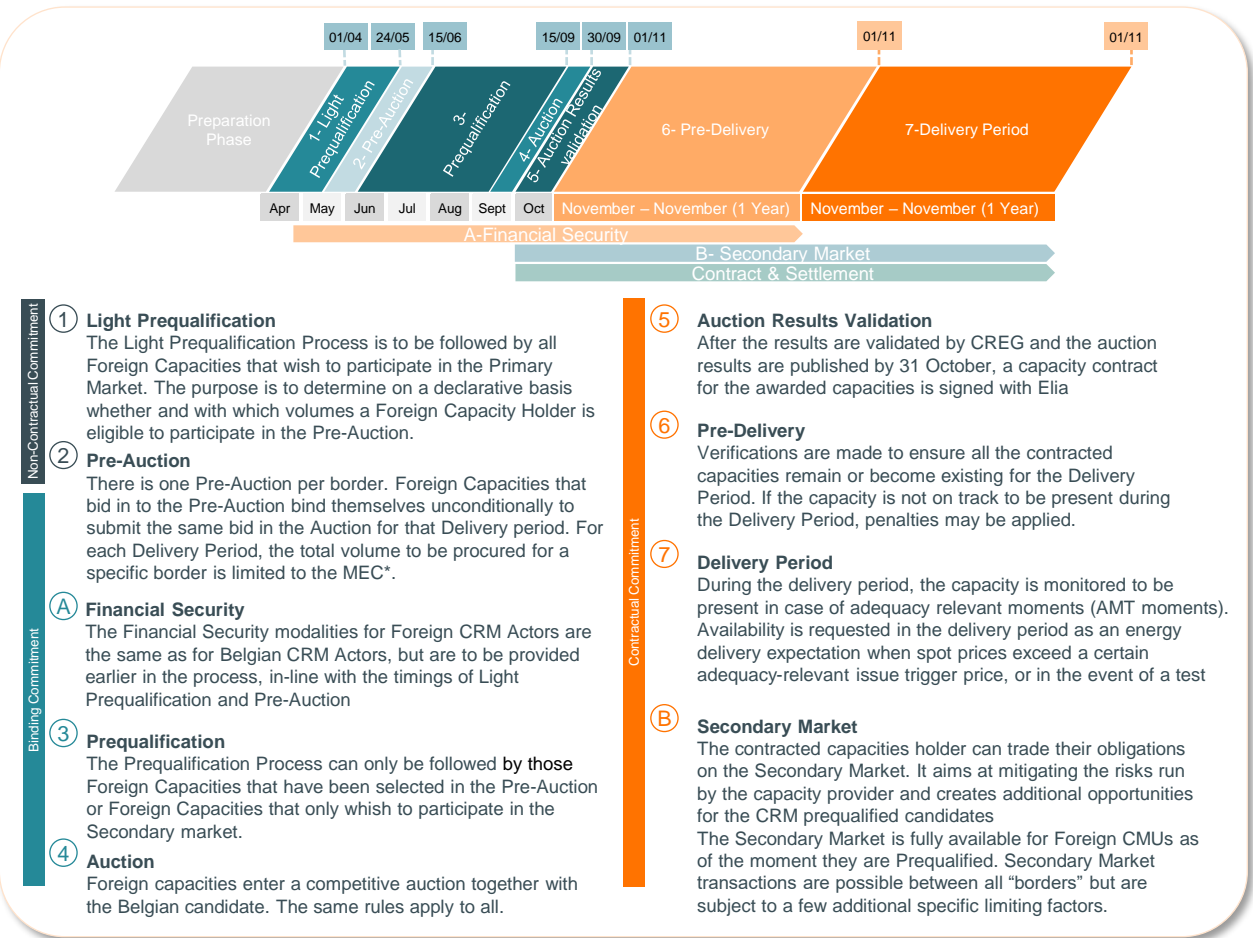
*MEC: Estimated contribution during simultaneous scarcity

Foreign Capacities are subject to the same **eligibility and admissibility criteria** among others as Belgian capacities:

1. The CO2 emissions of the Foreign capacity fulfill the CO2 Emission cap
2. Foreign Capacity does not receive any variable operating aid for the relevant delivery period
3. The Foreign Capacity fulfills permit requirements
4. The Foreign Capacity complete the Financial Security requirement

In addition, currently **the cross-border participation is limited to:**

1. Foreign capacities connected to the TSO grid
2. For 2024, participation is only possible in the Y-1 auction for delivery period 2025-2026
3. Until further notice, no multi-year contracts can be obtained.



Non-Contractual Commitment

Binding Commitment

Contractual Commitment

- 1 Light Prequalification**
The Light Prequalification Process is to be followed by all Foreign Capacities that wish to participate in the Primary Market. The purpose is to determine on a declarative basis whether and with which volumes a Foreign Capacity Holder is eligible to participate in the Pre-Auction.
- 2 Pre-Auction**
There is one Pre-Auction per border. Foreign Capacities that bid in to the Pre-Auction bind themselves unconditionally to submit the same bid in the Auction for that Delivery period. For each Delivery Period, the total volume to be procured for a specific border is limited to the MEC*.
- A Financial Security**
The Financial Security modalities for Foreign CRM Actors are the same as for Belgian CRM Actors, but are to be provided earlier in the process, in-line with the timings of Light Prequalification and Pre-Auction
- 3 Prequalification**
The Prequalification Process can only be followed by those Foreign Capacities that have been selected in the Pre-Auction or Foreign Capacities that only wish to participate in the Secondary market.
- 4 Auction**
Foreign capacities enter a competitive auction together with the Belgian candidate. The same rules apply to all.

- 5 Auction Results Validation**
After the results are validated by CREG and the auction results are published by 31 October, a capacity contract for the awarded capacities is signed with Elia
- 6 Pre-Delivery**
Verifications are made to ensure all the contracted capacities remain or become existing for the Delivery Period. If the capacity is not on track to be present during the Delivery Period, penalties may be applied.
- 7 Delivery Period**
During the delivery period, the capacity is monitored to be present in case of adequacy relevant moments (AMT moments). Availability is requested in the delivery period as an energy delivery expectation when spot prices exceed a certain adequacy-relevant issue trigger price, or in the event of a test
- B Secondary Market**
The contracted capacities holder can trade their obligations on the Secondary Market. It aims at mitigating the risks run by the capacity provider and creates additional opportunities for the CRM prequalified candidates
The Secondary Market is fully available for Foreign CMUs as of the moment they are Prequalified. Secondary Market transactions are possible between all "borders" but are subject to a few additional specific limiting factors.