POSITION

Subject: Public consultation on the methodology, hypotheses and data sources for the dimensioning of the volumes of strategic reserves needed for winter 2020-2021
Date: 25 September 2019

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Introduction

On the 28th of August 2019, Elia launched a public consultation on the raw input data used for the calculation of the volumes of strategic reserves needed for winter 2020-2021.

FEBEG welcomes this specific consultation and thanks Elia for creating this opportunity for all stakeholders to provide comments and suggestions.

Comments and suggestions

Demand

Elia expects the demand to grow with a rate of 0,49 % from 2019 to 2023. These expectations are based on the forecast of IHS Markit of February 2019.

FEBEG regrets that there's no information on the expected evolution of the peak demand, as this is crucial information for assessing the adequacy. It is very likely that in the future the peak demand will increase more than the energy consumption due to, for example, increasing share of heat pumps and cooling systems in combination with more extreme weather conditions.

Market response

Elia proposes three different scenarios for the evolution of the demand response from 2019 to 2023 ranging from 1 % over 3 % to 5 %.

FEBEG supports the scenario with 1 % growth as is based on observations of the five previous years, including the lower volumes for market response and ancillary services in the winter 2018-2019. The observed evolution demonstrations that it is very difficult to make extrapolations for the future and that a cautious approach is justified.

A scenario with 3 % growth could be considered – although such an approach would not be cautious – a scenario with 5 % growth seems unacceptable. Such a strong growth of demand response should be clearly motivated with by a relevant expected change in the market that would increase the profitability of implicit demand response in the market. Such a significant change is not identified.

Furthermore, FEBEG wants to point out that it should also be taken into account that the expected increase of economic growth might reduce the operational margin of industrial players to lower their production for market response actions.

On the selection of typical days

The selection of SPAIC typical days is calibrated to represent the yearly functioning of the system. As a result this selection is only partially representative for a tight winter situation. Because of the fact that the functioning of the strategic reserve is limited to the winter period, FEBEG is of the opinion that it seems logic to only use the SPAIC of this winter period.

On the split Germany and Austria

It is not clear how the split of Germany and Austria is integrated in the study. Previously Elia has indicated that TSOs struggle with the use of FB parameters post split for SPAIC analysis. FEBEG thinks that the SPAIC analysis should correctly represent the situation of the system post-split.
