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Response Public Consultation on the Elia proposal with regard to key elements of foreseen evolutions included in the tariff proposal for the period 2020-203

[Your contact: Wim Luyckx: wim.luyckx@statkraft.com; Tel. 0049 211 60244 4367]

Dear,

With respect to your Public Consultation we would like to provide some concise input with respect to the topic addressed under Section 4.4.2, commonly referred to as the alfa component.

In our understanding, there is no need for an alfa-component to facilitate the further growth of renewable electricity production. A well-functioning balancing regime is indeed a required prerequisite to come to an effective and efficient electricity market. At the same time however, this is also a sufficient prerequisite not requiring any artificial "add-ons".

With respect to the rationale given we would like to point out that growth of renewable energy does not by definition have to lead to higher imbalances. As one example, the German market has witnessed a strong and prolonged growth of renewable energy, this however without an increase in residual imbalances; on the contrary, contracting and activation of balancing reserves have steadily decreased. A well-functioning Intra Day market is probably the prime reason why these apparently contradictory results have been achieved; if anything we would like to have a plead for strengthening the Intra Day market in Belgium to facilitate the growth of renewables rather than an artificial adjustment of the balancing market.

Finally, we took note of the fact that the "alfa-dossier" has been explicitly linked to the offshore integration ("storm risk") dossier Elia is currently working on. Although not part of this consultation, we would like to take the opportunity here as well to state we have welcomed this revised design by Elia with respect to the offshore integration. However, in our understanding there is no need nor rationale to link both topics nor is an alpha component or revised alfa component required to ensure a proper functioning of the revised offshore integration procedure.

We remain to your disposal of course for any further exchange of thoughts.

Yours sincerely,



Pieter Schipper
SVP Energy Management Continental Assets and Market Access

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