June 2020

Contribution of Ecolo and Groen *to the Public consultation on the scenario's, sensitivities and data for the CRM parameter calculation for the Y-4 Auction with Delivery Period 2025-2026*

Preliminary comment

With regards to the energy trilemma Belgium will face this coming decade, the Green Belgian Parties, Ecolo and Groen, wish to contribute to the *Public consultation on the scenario's, sensitivities and data for the CRM parameter calculation for the Y-4 Auction with Delivery Period 2025-2026* organized by Elia. Indeed, a well-designed Capacity Remuneration Mechanism could be key to ensuring a decarbonized, reliant and affordable security system, and it should be noted that these three elements are equal in value, as should be reflected in the CRM.

Before sharing our analysis of the scenario's, sensitivities and data suggested by Elia, we would like to emphasize that the CRM should in no case prevent the different public and private actors to take measures that are necessary for an ambitious and just renewable energy transition. Flexibility measures such as storage, demand-side management and well-designed energy market will be necessary to integrate intermittent renewable energy at a lesser cost.

Remarks on Scenario and Sensitivities

We first wish to share our concerns regarding the methodology that is being used. Elia is indeed using the only methodology available today, provided by ENTSO-E. The methodology that will be made available in August 2020 by ACER would have been, to us, more appropriate owing to their neutral status.

Furthermore, we believe that **different sensitivities should be included in the reference scenario regarding renewable energy generation**. For instance:

- A scenario where 4GW of offshore wind capacity is made available in the winter 2025-2026, as this could have an important contribution for the peak demand in the winter.
- A scenario with a higher potential of **demand-side flexibility from low voltage consumers**. We believe that additional flexibility potential could be found on the distribution network, where low voltage consumers and producers could modify their consumption behaviors when given appropriate signals (such as with tariffs adaptation).
- **The baseline scenario assumes a 89.6TWh electricity consumption in 2025-2026, and the low scenario 86,9TWh, compared to 83 TWh in 2019.** These assumptions appear to be extremely high, especially with regards to the Covid crisis we are experiencing. We would like to ask therefore to, at least in the sensitivity scenario on low electricity demand, take economic parameters that are more probable, based on more recent economic predictions.

Finally, the public consultation does not suggest reassessment of some variables that have been used by Elia in their adequacy study and that will be key in determining Y-4 auction. Indeed, the Loss of Load Expectations is very sensitive to the temperatures that are recorded. Because, as it has been shown by a study conducted by researchers from the VUB[1], extremely cold winters are unlikely to occur due to climate change, we suggest to add a sensitivity based on other **climatic and meteorological assumptions that take into consideration these scientific findings, or to modify this variable made for the simulations.**

1 VUB, "Winter is leaving" (2020). https://cris.vub.be/files/51473222/CREG_Report_FINAL.pdf