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Sent: maandag 3 oktober 2016 10:50

To: Usersgroup

Cc: febeliec

Subject: Febeliec answer to the public consultation on the Strategic Reserve input data for determining the volume for winter 2017-2018

Dear Sir or Madam,

Please find below the answer of Febeliec to the public consultation on the Strategic Reserve input data for determining the volume for winter 2017-2018.

In case of questions, do not hesitate to contact me.

Kind regards,

Michaël

Febeliec answer to the public consultation on the Strategic Reserve input data for determining the volume for winter 2017-2018

Febeliec would like to thank Elia for the consultation organised in the framework of the volume determination for the strategic reserve with respect to the raw input data used for the calculation.

Despite the short duration of the consultation and the time constraints, Febeliec would like to formulate following comments to the excel document on which is consulted by Elia, many of which were also already formulated during the last meeting of the Task Force implementation Strategic Reserve:

- On the Tabs on generation assumptions, Febeliec cannot give punctual comments on specific generation units and their availability nor outage rates, but wants to reiterate its point on the potential return to the market of units in the strategic reserve. Although perhaps beyond the scope of this consultation, and even though the data provided by Elia shows no expected return to the market of those units (which have received monetary support from all grid users through an imposed levy), for Febeliec, if such return would be possible, the conditions for return must be made clear and transparent and published beforehand.
- On Tab 2.1 (Demand growth), Febeliec takes note of the (normalised) growth rates proposed by Elia for the period 2017-2020, but cannot give any meaningful comments as the underlying assumptions are not presented (especially as the growth rates oscillate between slight increases and decreases). The same comment applies to the high growth sensitivity (0,54% growth for 2016-2018). Febeliec would like to know how these numbers are composed, top-down (on macro-economic data) or bottom-up (e.g. on data from consumers), and if a reality check has been conducted on these growth rates as compared to the past performance of growth estimates.
- On Tab 2.2, it is very difficult to give any meaningful comments, as no assumptions are underlying (historical) curves are provided.
- On Tab 2.3, Febeliec would like to reiterate its very strong concerns with the 2016 survey, also voiced during the last iSR meeting, as there has been no adaptation of the survey based on the comments and remarks given during and after the 2015 Survey and as such the value of the 2016 Survey is questionable on the same points as discussed last year. Moreover, towards the results of the 2016 Survey, Febeliec would like to enumerate a number of specific concerns, which refer a.o. to the fact that apparently demand response volumes

have decreased significantly although this is the result of some (very large) demand facilities not replying this year (for a multitude of reasons, not in the least the short timeframe during the summer holiday months), without this giving any indication on their true capability nor willingness to react to price signals, as well as the unilateral decision of a large BRP to significantly lower the volume of price-based market response from TSO-connected facilities (without strong justification). Moreover, Febeliec remains in doubt over the 150MW voluntary reduction from DSO GUs, as examples in e.g. France have shown much larger reactions from GUs in times of system stress, and remains convinced of a significant potential contribution of this category, even if difficult to measure with the current survey and methodology. Febeliec, as well as its member sectoral federations, also regret the neglect of the survey handlers to include them in the effort, as they have as a result not been able to incite their members towards a more active participation to the survey. Febeliec is relieved to see that at least the data from the Survey of 2015 will be used for the analysis, but remains convinced that these do not reflect the true volume of market response in the Belgian system.

- With respect to Tab 3 on Balancing reserves, the data does not explicitly take into account the volumes delivered by demand response (and storage). For example for aFRR (R2), Febeliec would like to point towards Elia projects such as R2 wind and R2 non-CIPU, which are not directly taken into account for the timeframe 2018-2020. Also on FCR, Febeliec wonders if (and how much) volumes of R1 Load are taken into account. Also the potential contribution of storage is not taken into account in the data.
- On Tab 4 on the Flow-based domain, Febeliec reiterates its question towards Elia of the 21st of September on an explanation towards the “weekend” Flow-based domain and the fact that this domain is in several corners smaller than the “low wind” (in Germany) domain, as this can have a non-negligible impact on cross-border flows. Febeliec also understands that Elia currently for the flow-based domains has to work with the current assumptions on actions towards the base case, but wants to remark that it hopes that efforts to adapt the current Flow-Based methodology to better cope with (mainly German) loop flows as e.g. listed by the CREG in its study on the price peaks in 2015 will have a positive effect before 2020 and should as a result have a positive impact on the Belgian adequacy situation.

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Febeliec represents the industrial consumers of electricity and natural gas in Belgium.