

**From:** Van Bossuyt M. [mailto:MVanBossuyt@febeliec.be]

**Sent:** maandag 22 mei 2017 17:21

**To:** Usersgroup

**Cc:** febeliec

**Subject:** Febeliec answer to the public consultation on the methodology in the framework of the volume determination for the strategic reserve

Dear,

Please find below the Febeliec answer to the public consultation on the methodology in the framework of the volume determination for the strategic reserve.

Kind regards,

Michaël

**Febeliec answer to the public consultation on the methodology in the framework of the volume determination for the strategic reserve**

Febeliec would like to thank Elia for the public consultation on the methodology in the framework of the volume determination for the strategic reserve describing the different assumptions and data sources to be used for estimating to determine the volume of the strategic reserve for the winter 2018-19. Febeliec takes note of the continuous improvements which Elia brings to its methodology for this exercise.

With respect to the consultation document, Febeliec would like to make following comments:

- The demand curve should not be represented nor supposed to be inelastic. Febeliec takes note of all the elements brought by Elia in the document with respect to Demand Side Response, but regrets that in the general part of the document the demand curve is still assumed to be inelastic and represented as such. With the on-going steps in the right direction to enable demand response by all consumers (even though this goal has not even by far been achieved yet), Febeliec would like to see that Elia takes this into account in all its (re)presentations, in order to reflect the evolutions in this domain. Also mentioning that demand response is considered inelastic, and then taking market response to high prices into consideration (p16) is not in line with the current market situation and reality according to Febeliec.
- With respect to the level-playing field between SGR and SDR, Febeliec regrets to still observe an important distinction (discrimination?) between 100% availability for both types. This criterion for SGR seems to be very much less stringent than it is to SDR, with considerable deratings in the determination of the volumes for SDR as a result in the functioning rules and selection criteria for SDR. This leads according to Febeliec to a more advantageous situation for SGR in the selection procedure and thus goes against the level-playing field.
- With respect to the applied general process and model by Elia for the adequacy study, Febeliec has no fundamental objections nor comments, but will give some comments on specific elements and inputs.
- With respect to the comment on p26 that it is assumed that all units currently participating in the strategic reserve will not return to the market, Febeliec has two comments. First, does this refer to the units contracted for winter 2016-2017, or does this refer to the units to be contracted for winter 2017-2018 and following? Second, is this assumption correct, taking into account all the comments received during the various meetings on the strategic reserve

from representatives from producers, as they all seem to believe that those units will/could return to the market (an option also allowed by the Ministerial Decree for the units to be contracted for winter 2017-2018 and following). According to Febeliec, it would be unwise to remove all these units from the adequacy assessment, if there are signals that these units might in the end not be closed/mothballed, but rather return to the market. In that case, they should be included in the assessment, in order not to overestimate the need for a strategic reserve and avoid slippery slope effects.

- With respect to balancing reserves, Febeliec would like to reiterate its position that for demand side response, it should be clear that all available demand side response that is not selected for contracted balancing reserves is to be considered available for the market and thus taken into account for the adequacy assessment. It should be avoided to exclude demand side response volumes completely from the analysis for having participated in the past to some Elia products but not being selected anymore in the future, as these volumes will of course still be available to market response. The DSR volumes for balancing and the market are communicating vessels and should also be taken into account as such.
- With respect to the growth of the total Belgian load, Febeliec observes a rather sharp increase towards 2020 as proposed by Elia. Elia by basing itself on IHS CERA, which applies a macro-economic top-down (GDP-based) approach for the determination of the total load does not take into account the fact that electrification effects for the horizon of this study are presumably negligible, while energy efficiency measures, notable by industrial consumers in the framework of energy covenant agreements, are already taking effect. Febeliec would also like to refer to the study it had done by Energyville on the cost of choices, where such increase is not observed in the time horizon for this adequacy assessment. Moreover, Elia also applies an additional “high sensitivity” scenario, which even increases this effect, thus according to Febeliec severely overestimating the actual Belgian total load, while not applying a “low sensitivity” scenario, which, also based on the previous comments, would make more sense according to Febeliec. As a final remark, Febeliec would like to point out that with the on-going evolutions in small-scale storage (e.g. home batteries, electric vehicles), the total Belgian load might not decrease, but the offtake from the Elia grid (and thus the real element to be studied in this adequacy assessment) should decrease, with a flattening of the offtake peaks. Febeliec wonders if and how such effects are taken into account in the assessment as they might have an important impact on peak offtake from the grid and thus the potential need for a strategic reserve.
- With respect to Luxemburg (Sotel) and the BeDeLux interconnector, Febeliec is convinced that Elia will take into consideration all evolutions in the following updates of this adequacy assessment, but it might be good to include a sensitivity analysis on this element, to check whether this has a significant impact on the Belgian adequacy position in the following years, in order to make sure not to contract non-needed strategic reserves.
- With respect to the import and export capacity, Febeliec takes note of the approach proposed by Elia, but would like to make a comment on the fact that Elia will take into account “knowledge at Elia about the operation of the BE grid” (p37). Febeliec understands this approach, but hopes this will not lead to the application of undue reserve margins. Febeliec is a strong proponent of not pushing the system beyond its limits, as a (partial) blackout is by far not the preferred outcome, but has no issue with searching the limits of the system in order to get value for money.
- With respect to the HVDC forced outages, Febeliec takes note from the fact that Elia puts the unavailability of these HVDC interconnectors at 6% and wonders whether this is not a bit steep, especially since these interconnectors will still be new and thus not prone to ageing effects within the horizon of this assessment.
- With respect to the flow-based domains, Febeliec welcomes the evolution to the application of more typical days and 24 hourly domains for these days, a comment made by Febeliec

during previous sessions (as well as in the discussions at the CWE Consultative Group level). With respect to flow-based, Febeliec wants to reiterate its on-going remarks on the capacity calculation (as much capacity as possible should be given to the market, taken into account all the last and best available data at each point in time) as well as on loopflows (these are reflected in the typical days and corresponding domains, yet it should be a priority to nullify as much and as soon as possible the limiting effects on cross-border commercial capacity of these loopflows and reflect this in the domains to be used for the adequacy assessment).

- With respect to NEMO, Febeliec wonders why (p43) this link is to be considered without impact on the flow-based domain, but hopes the 1000MW of this interconnector will still be taken into account in the adequacy assessment.
- With respect to the integration of market response in Belgium, Febeliec would like to refer to all the comments it made and input it gave during the workshops on this topic organised by Elia in tandem with E-CUBE. Febeliec is looking forward to see the results of this analysis and reserves itself the right to react on this topic once these results are known, as it would be difficult to make any comments at this point. However, in general, Febeliec is positive about the fact that Elia has taken into account its many comments on demand side response inclusion in the adequacy assessments and welcomes the efforts taken to improve the adequacy assessment in this field.

### ***Michaël Van Bossuyt***

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