

Subject: Elia public consultation on the input data for determining the volume of strategic reserves for winter 2017–2018
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Introduction

Elia is organizing a public consultation on the input data for determining the volume of strategic reserves for winter 2018–2019. The deadline of the consultation is the 18th of September, 2017.

FEBEG welcomes this consultation and thanks Elia for creating this opportunity for all stakeholders to express their comments and suggestions. The comments and suggestions of FEBEG are not confidential.

Too optimistic growth rate for market response

First of all, FEBEG would like to thank Elia for its efforts to try to improve the estimation of the volume of market response which will be taken into account in the analysis to determine the volume of strategic reserves. The work performed together with E-Cube is considered to be very valuable.

Nevertheless FEBEG is seriously doubting if the choice for a 5 % growth rate for market response is realistic as the historical quantitative analysis only indicated a growth rate of 1 %. When further analyzing the data, FEBEG observes an overall growth of 1 % of market response as the volume which is available for the market shows on average a decrease of 6 % while only a strong increase of 14 % is expected on the volume of ancillary services market response.

The reason for the decrease of available market response in the market is that currently the profitability of explicit market response products is not sufficient to trigger an increased offer. On the contrary, participants prefer the ancillary services products to acquire a capacity fee in order to make the operation profitable.

Deviating from the observed quantitative results should be clearly motivated by an expected market shift that would increase the profitability of the market products. As mentioned by the BRPs in the questionnaire one could indeed expect additional volumes to be unlocked in the future due to, for example, the transfer of energy. However sufficient profitability is still required for these volumes to be offered on the market. In addition the expected increase of economic growth might reduce the operational margin of industrial players to lower their production for market response actions, unless the expected remuneration would increase significantly.

Therefore FEBEG proposes to opt for the 3% growth rate as a compromise and more realistic approach for the future evolution.

Other Comments and suggestions***More details for data of other countries***

Elia has put the raw input data used for the calculation to the disposal of the stakeholders. FEBEG considers the data for Belgium very complete and detailed, but regrets that similar data are not available for the neighboring countries.

FEBEG understands that there are issues with regard to confidentiality, but wants to point out that the input data that are used for the other countries are very important as well as Belgium is highly interconnected. Because of the interdependency between France and Belgium, especially the input data for France are relevant. Elia stated that the reference scenarios are being used for France, but FEBEG would welcome more details on these scenarios and more specifically on the sensitivities that Elia has investigated.

Sensitivity on gas-fired power plants

Elia will assess the volumes for the strategic reserves for winter 2018–2019, but will also make some forecasts for the next two winters. For the moment, Elia proposes to keep the capacity of gas-fired power plants at the same level in the input data for the next three years. FEBEG suggests to also make a sensitivity analysis with lower capacity of gas-fired power plants assuming that some power plants will close.
