From: Van Bossuyt M. [mailto:MVanBossuyt@febeliec.be]
Sent: maandag 18 september 2017 17:19
To: Usersgroup
Cc: febeliec
Subject: Febeliec answer to the public consultation on input data for determining the volume for Winter 2018-19

Dear Sir or Madam,

Febeliec would like to thank Elia for this consultation input data for determining the volume of Strategic Reserve for winter 2018-2019, as it is very important to have a clear, common and accepted understanding of which hypotheses, generation and demand volumes and capacities will be taken into account for the analysis conducted by Elia. In general, Febeliec regrets that Elia has not provided in the excel file under consultation more of the assumptions and hypotheses it has applied to come up with the proposed numbers. As a result, it is very difficult to get real insight in the methodology applied by Elia.

With respect to the generation capacity, Febeliec will not comment the availability of individual thermal production units, but takes note of the list as provided by Elia, with the closure of certain units throughout the following years/winters. Febeliec however would like to iterate its request for a public and official list with a clear status of all the announced closures of thermal generation units as well as their end dates. Such list still does not exist, which has all parties to rely on information to be found in the press and/or on company websites, which is not the most transparent process.

With respect to renewable production, Febeliec has no specific comments, but observes a very significant increase in both PV and onshore and offshore wind in the numbers proposed by Elia. Febeliec wonders whether this increase is based on hard evidence (e.g. permits granted, investment decisions taken, construction and planning of offshore windmills) or rather based on extrapolation of current trends and/or growth paths. Febeliec insists on the need to take into account the evolution of the minimum load factor of renewables since this is an important factor in the analysis of the determination of the volume of strategic reserve.

With respect to the profiled thermal production, Febeliec wonders how this profile was put together: is it based on historic observations with stochastic forced and unforced outages? Or some other methodological approach? With respect to the forced outage rates, Febeliec observes that the outage rate for gas turbines is 13,6%. Is this high level due to a specific installation encountering multiple issues (and if so, to which extent this can be mitigated in order to reduce its forced outage rate and increase its reliability) or is this the result of issues with all gas turbines in the system? The same question applies to the classical (?) units.
With respect to the demand, Febeliec wonders why Elia takes such fairly steep increases for the following years, taking into account that the average over 2011-2016 is even slightly negative and over 2013-2016 is only very slightly positive (+0.06%). Can Elia provide the basis on which to forecast yearly increase of around 0,5%? Is this based on a macro-economic top-down approach, and if so, which GDP-growth rates and other macro-economic parameters have been used for the calculation, or is it based on an additive bottom-up approach and if so, which segments of consumption are expected to increase over time? Febeliec does not see any direct validation on why a -0,91% decrease in 2016 would turn into a 0,44% increase in 2017 (e.g. not significantly more electric vehicles, no substantial uptick in GDP, no significant increase in heat pumps or electric heating, …).

On the volumes of market response, Febeliec has provided ample input and comments during the work conducted by both Elia and E-cube in the subgroup of the Task Force implementation of

Strategic Reserve. Nevertheless, Febeliec regrets that the excel file under consultation (as opposed to the corresponding introductory powerpoint presentation) does not contain both the table on the activation constraints nor the proposed increase over the following winters of the market response volume (5% CAGR), both elements that are very essential to the analysis that Elia will have to conduct. Febeliec supports both of those proposals, as the former is the outcome of the market consultation via questionnaire (conducted by E-cube), and the latter is the result of the discussion in the Task Force iSR, where a CAGR of 5% was agreed upon consensus as even in this case the increase of market response in absolute numbers (MW/year) remains limited to only around 30MW/year. This minimal increase in absolute numbers needs to be put in perspective with the very broad range of measures to unlock the potential of demand response; the even lower proposals of respectively 1% and 3% CAGR for market response discussed but not withheld in the TF iSR , in which cases the increase of market response in absolute numbers would be almost non-existent, are not in line with neither the replies to the questionnaires nor the efforts done by all actors to increase the elasticity of the demand curve.

With respect to the flow-based domains, Febeliec refers to its comments provided during the public consultation on methods, hypotheses and data sources. Febeliec welcomes the inclusion of more granularity with respect to flow-based domains in the analysis by Elia and also welcomes the inclusion of NEMO Link within this analysis. On this last point, Febeliec wonders what the impact will be of this interconnector, and which outage rates and other derating elements will be taken into account by Elia in its model for his interconnector. Febeliec also wonders why the ALeGRO interconnector has not been taken into account for 2020, as according to communicated planning by Elia this interconnector is supposed to be commissioned in 2020 (and has also an incentive from the CREG linked to this commissioning date).

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

Kind regards,

Michaël

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