

## Febeliec answer to the Elia consultation on the input data for the dimensioning of the volumes of strategic reserve for winter 2020-2021

Febeliec would like to thank Elia for this consultation on the methodology, hypotheses and data sources for the dimensioning of the volumes of strategic reserve for winter 2020-2021. Febeliec regrets that Elia did not include a clear overview of all the hypotheses and the full methodology of this study. Febeliec will provide its input on the proposed excel-file by Elia, but this does not mean that Febeliec agrees with the proposed methodology and should in no case be interpreted as such.

Febeliec has following remarks and comments to the consultation at hand (per tab sheet):

- 1.1 Production summary
- **1.2 Individually modelled thermal production:** Febeliec would like to remark that for several units (Langerlo 3-4, Monsanto Lillo) these were “exceptionally available in 2018-2019”, because one or several BRPs were exposed to a risk of imbalance in their portfolio and took measures to avoid being imposed potentially very high imbalance prices (up to 13.500€/MWh), including making available these units. As such, for Febeliec, units in this situation should not be discounted in an analysis on adequacy for Belgium, unless it is proven that they cannot be put back into operation if needed by and for BRPs, thus avoiding costly volumes to be contracted in a strategic reserve at a cost for all consumers in Belgium. On Doel 3 and the decommissioning foreseen on 01/02/2023, Febeliec would request Elia to make at least a sensitivity analysis with this unit still in the market (even though the volumes for winter 2022-2023 are only indicative and not used for composing a strategic reserve at this point).
- **1.3 Renewable production:** As the source of the provided data is lacking (which projection of the regions), it is impossible for Febeliec to make any valuable contributions. Febeliec can only remark that for certain categories, most notably biofuel, the volumes decrease over time, but with the data at hand it is impossible to make any assessment on the correctness of this analysis.
- **1.5 Profiled thermal production:** Febeliec is surprised to see in the accompanying slide deck of Elia that for biomass and waste, the data in the database of Elia and of the Regions is very different, with more than 15% difference for Flanders and the Walloon Region.
- **2.1 Demand:** Febeliec wants in this framework to refer the comments it has also made in the past in the framework of the input data for the yearly study for the determination of the required volumes for strategic reserve. Based on the new moving window for the dataset (2011-2017(forecast, apparently no historical data are available?)), Febeliec can only observe that historically the growth rate was on average -0.59% (last 7 years), +0.17% (last 5 years) or 0,09% (last 3 years), yet Elia takes for its forecasts till 2023 (including for 2018, where apparently no historical data are available?) an average annual growth rate of +0,42%, adding more than 2 TWh to the Belgian demand y 2023 as compared to the last available data, without providing any justification for this forecast. The historical values show that even for economically sound years as 2016 total electricity demand can diminish, whereas Elia only (macro-economically?) discerns never-ending year-on-year increases. Febeliec reiterates previous demands to validate historical IHS forecasts with actually observed values for the recent years, in order to provide confidence in the applied methodology or, in case the IHS track record would not be so sound in predicting future electricity consumption, develop an alternative and more correct forecast tool. In any case, Febeliec observes that even after a few years of economically sound years (2011-2017), total electricity demand has still not returned to the level of 2011 (let alone pre-2008 levels!). In any case, Febeliec urges Elia strongly to include several sensitivity analyses on this point, as overestimates in total electricity demand will automatically lead to increased needs for capacity and thus a potential strategic reserve.
- **2.3 Market response:** Febeliec strongly wants to contest that base value that Elia is using for the determination of demand response in the future. It is unclear on which source Elia bases its initial starting point of 699MW market response, taking into account that two of the largest BRPs in the Belgian system contracted for winter 2018-2019 substantial volumes (+500MW and +200MW) of additional market response. Febeliec would greatly appreciate that Elia provides a detailed breakdown of its data in order to be able to analyse it (e.g. categories and constraints). In any case and as already indicated, Febeliec has the feeling that Elia underestimates the real market response that was available in 2018-2019 and as such should use this higher value as the starting point for its analysis. Moreover, Febeliec does not understand how a 1% growth from the volume of 2018-19 (699MW) can lead to a decrease for 2019-20 (697MW) (cfr Elia file). Moreover, Febeliec also wants to highlight the introduction of smart meters (with currently already more than 60.000 installed in Flanders, amongst which

more than 8000 in cases of local solar production, and variable price contracts and the fact that this will unlock a vast volume of currently untapped (untappable) flexibility in the residential and SME segments. Febeliec regrets that these elements are still not (and never have been) taken into consideration by Elia in its analyses. Febeliec also refers to the numerous comments it made to the methodology developed by E-Cube in the recent past and its reservations it has towards this methodology, which it also never approved. Last but not least, based on the provided data it is for Febeliec impossible to analyse to which extent the data for market response provided by Elia (with a scope much larger than demand side response) are taking into account all elements. For example the inclusion of the impact of diesel generators (and similar technologies) is at least very opaque. CREG studies have shown that for example already the (aggregated) Belgian hospitals already have up to 200MW of diesel generators and this is not taking into account all the other emergency generators (from industrial sites over public services, office buildings to even residential consumers) that are operational in Belgium, while last winter also has clearly shown that BRPs can install more than substantial volumes of diesel generators to cover their positions (diesel generators which cannot be formally accounted for as “emergency” generators as they are not connected to specific consumption processes). Febeliec would like Elia to provide thus a very clear and detailed breakdown of its data on “Market Response” in order to be able to assess the expected evolution over time by Elia

- **4. Flow based domains:** Febeliec appreciates that Elia has evolved its methodology in order to include 4 “typical” days with each 24 CWE flow based domains. If selected correctly, this approach should presumably improve the analysis. Febeliec however regrets that Elia is not providing a qualitative overview of the impact of new grid elements, such as the introduction of Alegro or the impact of NEMO (with operational experience in the meantime), as well as the introduction of new interconnectors (already happened or foreseen in the timeframe of this analysis by Elia) in the neighbouring countries and their impact on the Belgian import-export situation.
- **Storage:** Febeliec regrets that this aspect is not even covered in the input data of Elia. If Elia has included this segment in “Market Response”, Febeliec reiterates its position on the need for a clear breakdown of this category, but also wants to stress that if this would be the case, the volume of market response is presumably a gross underestimate.

Febeliec regrets that Elia does not conduct a consultation on the methodology, and thus wants to use this consultation to reiterate its position on the (past but maybe also current) methodological approach of increasing the margin and/or strategic reserve volume by blocks of 100MW in the iterative process for the determination of the potential required volume. For Febeliec, a finer granularity than 100MW should be used, as even the lack of 1MW under the current approach would immediately lead to a need of 100MW additionally. Applying a finer granularity would avoid sourcing unneeded volumes. Alternatively, an approach could be implemented where very marginal transgressions of the LOLE criterion do not automatically lead to an increased contracting of strategic reserve volumes, through the application of a deadband, taking into account the multiple layers of sensitivity already applied by Elia in combination with low probability, high impact scenarios, which already skew all the results towards a very conservative approach. For Febeliec, it should in any case be avoided to increase the cost for the grid users unnecessarily by following a much too conservative approach.