

## Febeliec answer to the Elia consultation on the Walloon grid development plan 2025-2035

Febeliec appreciates the opportunity offered by Elia to react to the draft development plan. Febeliec has always supported investments in electricity grids (transmission as well as distribution) to the extent that they facilitate market functioning and market integration and thus contribute to more competitive prices for electricity as a commodity. Febeliec observes that the focus of the draft Elia plan only partly concentrates on this aspect, but mainly aims at facilitating the energy transition. Febeliec clearly supports this long term objective but would at the same time like to express its concerns about the financing of the grid developments needed to facilitate this transition in the electricity system. Today, this financing cost, based on the current tariff methodology and tariffs, is charged (directly and indirectly) exclusively to electricity grid users, which risks to jeopardise competitiveness of industrial electricity consumers in a European and, a fortiori, a global context. Febeliec therefore insists on the need to accompany the shifting focus of the goals of grid development by a discussion on the financing mechanisms of the electricity grids. To the extent that further electrification of society (load aspect) and the development of decentralised (intermittent) renewable generation facilities, often not close to demand locations, require additional grid investments, a broad debate on the financing mechanisms seems urgently needed. The proposed plan does not cover this aspect.

Moreover, Febeliec was very surprised to notice that the Walloon development plan 2025-2035 does not contain any financial information, not on costs nor on benefits, not even in general terms. This makes it impossible to provide any meaningful opinion on the extent that the proposed developments by Elia do constitute a positive overall benefit for grid users. Febeliec can only understand from Elia's proposal that only 9% of the budget is directly related to grid users and DSOs, 5% to functional and technological conformity, but 26% for sustainable development and a staggering 60% for the reliability of local energy supply, without any breakdown (or as mentioned before even absolute levels) of the costs. Based on experience of Febeliec over the years, these ten year development plans come with very high price tags and should warrant more in-depth information, including costs and benefits, instead of merely a list of projects without even in every case a thorough justification and no financial information whatsoever, resulting in a blank cheque for Elia, which is considered unacceptable by Febeliec, taking into account that the cost for grid users through the tariffs is already doubling during this tariff period and many of these projects would lead to further tariff increases, to levels potentially no longer affordable for (industrial) grid users and thus potentially also additional very negative economic spillover effects.

Febeliec also wonders to what extent all the listed projects are truly necessary (referring also to the lack of any financial information and often even justification), in light also of the very bad track record of Elia regarding correctly estimating electricity consumption (Elia always grossly overestimating the Belgian electricity consumption, predicting for many years already hefty increases, yet only **decreases** have materialized up until now). If wrongly calibrated, the proposed list of (expensive) projects will definitely increase the TSOs regulated asset base and thus revenues and profits, while potentially not even being necessary and unduly increasing grid tariffs for decades to come. Febeliec is definitively not interested in financing increases in TSOs' RAB and revenue which do not lead to benefits for grid user. Febeliec invites Elia to assess the impact of the required investments on the financing conditions of Elia and on the future tariffs for grid users (and thus their competitive position for industrial consumers) if the current tariff methodology is maintained. Furthermore, Febeliec invites Elia to provide an estimate of the impact of the operations of the new assets on the OPEX and thus -again- on transmission tariffs. Febeliec also invites Elia to provide not only at least some cost estimates but also a range of possible additional costs, as experience shows that original figures are often underestimated because of unexpected and/or additional expenditures.