

## WG Adequacy #9 - Meeting report

### Thursday 25<sup>th</sup> August 2022

<b>Meeting</b>	
<b>Date</b>	25.08.2022
<b>Organiser</b>	James Matthys-Donnadieu

<b>Participants</b>		<b>Attended</b>
Anciaux Pauline	FOD Economie	<input checked="" type="checkbox"/>
Baudhuin Serge	ENECO	<input checked="" type="checkbox"/>
Boucquey Pascal	CREG	<input checked="" type="checkbox"/>
Boustani Zackaria	FOD Economie	<input checked="" type="checkbox"/>
Canière Hugo	Belgian offshore platform	<input checked="" type="checkbox"/>
Catrycke Mathilde	ENGIE Benelux	<input checked="" type="checkbox"/>
Célis Chris	ODE	<input checked="" type="checkbox"/>
Chafaqi Laïla	LUMINUS	<input checked="" type="checkbox"/>
Clerbois Pierre	Inovyn	<input checked="" type="checkbox"/>
Coppin Xavier	ENGIE	<input checked="" type="checkbox"/>
Debrigode Patricia	CREG	<input checked="" type="checkbox"/>
De Changy Maxime	Fluxys	<input checked="" type="checkbox"/>
Delferies Alan	FOD Economie	<input checked="" type="checkbox"/>
De Waele Bart	CREG	<input checked="" type="checkbox"/>
Dewispelaere Bram	Cabinet of the Minister of Energy	<input checked="" type="checkbox"/>
Dupont Benjamin	Essenscia	<input checked="" type="checkbox"/>
Georis Bruno	ENGIE	<input checked="" type="checkbox"/>
Gerkens Benoit	CREG	<input checked="" type="checkbox"/>
Germonprez Matthijs	Alco Biofuel	<input checked="" type="checkbox"/>
Harlem Steven	LUMINUS	<input checked="" type="checkbox"/>
Herbreteau Sarah	CREG	<input checked="" type="checkbox"/>
Maes Gilles	Bruxelles Environnement	<input checked="" type="checkbox"/>
Martin Benoît	Climact	<input checked="" type="checkbox"/>
Mortier Jo	RWE Supply & Trading GmbH	<input checked="" type="checkbox"/>
Rkiouak Laylla	FOD Economy	<input checked="" type="checkbox"/>
Selderslaghs Katrien	Cabinet of the Minister of Energy	<input checked="" type="checkbox"/>
Strosse Tom	ENECO	<input checked="" type="checkbox"/>
Van Bossuyt Michaël	FEBELIEC	<input checked="" type="checkbox"/>
Van de Keer Lieven	T-POWER	<input checked="" type="checkbox"/>
Van den Bosch Sven	FLUVIUS	<input checked="" type="checkbox"/>
Van der Biest Piet	SIEMENS	<input checked="" type="checkbox"/>
Vandersyppe Hans	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Vanneste Aron	Flexcity	<input checked="" type="checkbox"/>
Van Vlaederen Emiel	Flexcity	<input checked="" type="checkbox"/>
Verbeurgt Daan	Viriya	<input checked="" type="checkbox"/>
Vermeulen Pascal	Climact	<input checked="" type="checkbox"/>
Verrydt Eric	BASF	<input checked="" type="checkbox"/>

Wagnier Jean-François

FEBEG



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**Report**

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Function PMO Adequacy

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Status  Draft

Final version

## 1. Agenda

- Welcome
- Minutes of Meeting WG Adequacy #8 (17.06.2022)
- Short Introduction to the Winter Plan [Cabinet]
- Updated electricity consumption forecast [Climact]
- Next meetings

## 2. Minutes of Meetings

*Disclaimer: The slides used as a support of the presentation are available [online](#). The minutes of meetings only cover the discussions that took place during the Working Group.*

### **Introduction**

Elia explains that the agenda of the meeting has been shortened as specified by mail to the stakeholder before the WG meeting.

The presentation by E-cube on the topic “Assessment of the amount of Market Response in Belgium” is postponed given the current market circumstances. Besides, Elia needs the time to evaluate the overlap with the ongoing study on demand side response (as discussed in the previous Working Group Adequacy).

The presentation of the update of the Afry study is also postponed to ensure sufficient maturity of the study.

FEBELIEC asks when the market parties/stakeholders can expect to receive an update of the E-cube study. Elia highlights that process-wise, there is still time to deliver this update, but Elia will share it as soon as Elia is satisfied with the quality of the work. According to FEBELIEC it raises a lot of questions with regard to the methodology. Elia agrees on this comment, which also justifies the realization of an alternative study. The methodology to assess market response was developed 5 years ago, and matter of fact this methodology might not be suitable anymore given the current context.

### **Minutes of Meeting WG Adequacy #8 (17.06.2022)**

One specific comment on the phrasing used in the minutes were received beforehand from COGEN. The comment was incorporated in the minutes. No extra comments were received on the Minutes of Meeting of previous WG during this WG. The updated Minutes are considered as approved.

### **Introduction to the Winter Plan**

Representatives of the Cabinet of the Minister of Energy present an introduction to the Winter Plan, developed during the summer, in response to growing concerns with regard to gas- and electricity supply for this summer, coming winter and winters after that.

With regard to **current situation**, the representative of the Cabinet of the Minister of Energy states that the capacity of gas coming from the West (from Norway, LNG and the Loenhout storage site) is sufficient to cover the current Belgian gas market and to export a significant amount of capacity towards neighboring countries (Belgium is exporting at maximum capacity). T-POWER asks whether this risk assessment takes into account that during winter period, Belgium cannot count on volumes coming from UK. The representative of the Cabinet of the Minister of Energy explains that, as represented on the graph on slide 7, down to 0 degree Belgium can go without UK supply,

however, below 0 degree, the risk is increasing and depends on the cold wave – if any – how long it lasts and how hard UK suffers from it. In summary, there is no zero risk, but Belgium has more margin than other countries.

FEBELIEC also requests some information on the difference between “Belgium Low” and “Belgium High” in the same graph on slide 7. The representative of the Cabinet of the Minister of Energy specifies that “Belgium Low” is the current maximum peak amount of Belgium and “Belgium High” is the maximum peak amount expected in Belgium in 2025 with the NUCL phase-out.

With regards to the presentation of the 4 billion euro worth of **measures taken** in recent months by the federal government **to support household and business bills while ensuring security of supply and reduce dependence on gas**, FEBELIEC requires some specifications regarding the measures taken for companies. FEBELIEC acknowledges that customers are suffering, but companies are too. The representative of the Cabinet of the Minister of Energy recognizes that the 4 b€ measures mainly aimed at protecting customers. It needs to be specified that economic policies and company aids are regional competences. Therefore, it still needs to be analyzed which measures can be supported by the federal government. The representative of the Cabinet of the Minister of Energy also specifies that liquidity issue can be arranged at federal level and are currently under analysis; federal budget negotiations are starting next week.

With regards to **further measures foreseen with short term impact**, and specifically with regards to Ancillary services where Belgium usually relies upon capacity abroad for its reserve dimensioning, the Cabinet asks Elia to launch a procedure to not count on foreign countries for 250 MW currently foreseen in the dimensioning of ancillary services. FEBELIEC asks whether the federal government is not with this last measure aggregating the problem on the day-ahead market. The representative of the Cabinet of the Minister of Energy specifies that FEBELIEC is looking at the economic side of it (incl. price impact size), but it is also an important element for SoS. Besides, the representative of the Cabinet of the Minister of Energy also sees this measure as an incentive measure to attract new capacities, i.e., the 250 MW sources in ancillary services will be an incentive to develop additional capacities in demand side management or storage within Belgium. Yet, according to FEBELIEC this measure is mixing Adequacy and Balancing (e.g., asking the industry to consume as little as possible to save as much energy as possible reduces by default the industry flexibility potential), leading to potential risk of drawing empty the day-ahead market (removing 250MW can have gigantic impact on price peak) and warn the federal government that such measure could have counter expected effects. The representative of the Cabinet of the Minister of Energy enhances that this measure creates incentive for new capacities that can also be available on day-ahead market. Besides, if the assumptions is that Belgium cannot rely on foreign countries for coming winter, the reasoning should apply for ancillary services..

Elia specifies that this point will be on the agenda of the upcoming WG Balancing.

COGEN Vlaanderen wants to point out the specific situation for cogenerations (although a mail as already been sent to FOD Economy regarding this matter). Because of the fact that gas prices are becoming really high, COGEN Vlaanderen sees that industrial and some actors with decentralized production are stopping for some weeks since they cannot put forward the price of the fuel. It means for some cogenerations losing their heat customers and/or switching often. If ancillary services can be an incentive to go back into the market, then it has to be certain they are allowed to consume gas, to contrast with measures stating that people should reduce gas consumption by 30%. The

representative of the Cabinet of the Minister of Energy says that the issue is well understood and will take it into account. If a CHP is necessary for balancing purposes, then the federal government can exclude them from the emergency plan for gas.

With regards to **further measures foreseen with long term impact**, T-POWER asks when it is expected to have an agreement from the European Commission on NUCL extension because the deadline for upcoming Auction is approaching. Besides T-POWER shares its impression that the Cabinet has already considered that the NUCL units will be available, but argues that it cannot do so. Actors wanting to participate into the CRM need to have a permit available, while there do not seem to be permits for the NUCL units to be prolonged yet. Consequently, T-POWER expects an adaptation of the demand curve. On one hand, the representative of the Cabinet of the Minister of Energy says the Cabinet, as well as the European Commission are well aware of the deadline of the Auction and are working on it. On the other hand, the representative of the Cabinet of the Minister of Energy takes the point but specifies first that the demand curve does take into account volume related to NUCL, classified as non-eligible, and second that the permit condition in electricity law is linked to prequalification and not to volume determination.

FEBELIEC wants to know whether all listed measures in slides 11-12 are specific or not to Belgium (Belgium or European reflections) and when it will be possible to have deeper practical details on these measures. The representative of the Cabinet of the Minister of Energy states that these measures are seen in a larger context than Belgium alone. This does not mean it cannot be applied in Belgium and the Cabinet has asked the CREG to investigate some of the measures, specifically on the implementation of the ACER measures. The measures are under development; taskforces are set up and started. FEBELIEC then highlights the need to involve the Federations in these kinds of discussions to avoid rebound effects and to minimize economic costs. The representative of the Cabinet of the Minister of Energy ensures that the Federations will be contacted as in the case of the development of the demand-side product for gas.

T-POWER also questions the need to have companies reattributed when they have been cut off with gas supply, so that all euros don't go in the hand of the suppliers but also back in the industry. According to the representative of the Cabinet of the Minister of Energy expectations should be managed. If the government gives the instruction to cut down gas, it is for a question of security of supply issue; therefore speaking of retribution or compensation on this topic is not entirely at its place. Yet, the Cabinet is also looking at demand side management product in preliminary phase in order to reduce the probability for the government to interfere.

COGEN Vlaanderen reacts on the discussion of demand response on gas to highlight that an impact analysis is very important, especially with regards to actions-reactions effects. The representative of the Cabinet of the Minister of Energy states to be well aware, and highlights that the consultation on the emergency plan gas also contained questions on cutting gas demand and the impacts it might have on other demand side response sources, substituting one energy demand with another energy demand could impact other markets, which should be limited.

The representative of the Cabinet of the Minister of Energy then focuses on the **proposed solution for W24 25** that aims to ensure security of supply at the lowest cost while contributing to the energy transition towards a carbon neutral society at the same time.

Luminus asks whether the objective of the Tender is to free availability for that specific year (24-25), being a short term, winter product or whether it is a long-term product. The representative of the Cabinet of the Minister of Energy agrees but makes the distinction between contract length and the delivery period. Contract length in the CRM has the role to create a level playing field; it should be investigated if this is also a need within the Tender.

FEBELIEC mentions that this Tender is equivalent as having a Y-1 Auction next year. The representative of the Cabinet of the Minister of Energy agrees that the interaction between Y-1 Auction and the CRM is one of the major points to investigate. Elia specifies that this presentation is aimed to cover the objectives of the Tender and not to have a detailed view on the design, which will be more discussed in the WG Adequacy of 13/09.

FEBELIEC questions the Cabinet with regards to the target for this new tender: find volume or do the transition. The name seems to refer to "New Low Carbon Technologies", which according to FEBELIEC contrasts with reality in neighboring countries (e.g., coal planned starting up, fuel switch to LPG, etc.). FEBELIEC argues that in the short-term it is difficult to achieve both targets (Diesel generators can be developed quite quickly but are not low carbon, so cannot participate). The representative of the Cabinet of the Minister of Energy specifies that the timeframe is not exactly the same since the Tender focuses on winter 24-25, while the measures taken in neighboring countries such as switching back to coal in Germany is for next winter. Besides, the goal is indeed to secure supply for period 24-25, since it has been identified in some studies that there is a risk of not having enough capacity. The representative of the Cabinet of the Minister of Energy also argues that there are also new technologies such as batteries, creative ways of DSM that are low carbon and can be developed quickly. On the other side, for the Design discussion, FEBELIEC states that it would be useful to define it as a winter product and not a year product. Yearly obligation is indeed one of the blocking points for DSR to participate to the CRM. The representative of the Cabinet of the Minister of Energy says that it needs to be discussed.

T-POWER mentions his impression that the Cabinet is using this situation to come with expected Y-1 volume (with regards to today's uncertainties), which according to T-POWER is not level playing field, since it gives the possibility for other projects with smaller deadline to be develop and to participate. The representative of the Cabinet of the Minister of Energy argues that if there is a need for extra capacity for years24-25, the Cabinet needs to come with a way to get it. The mechanism is based and developed on the Security of Supply need.

RWE Supply & Trading GmbH are very much in favor of the organization of the Tender but raises a concern with legal foundation of the Tender, highlights the importance of multi-year contracts and agrees that the Tender initiative can only help reaching the Y-1 missing capacities. The representative of the Cabinet of the Minister of Energy answers on the topic of legal robustness and specifies that the Tender will be a state aid measure and will need to be notified and discussed with the Commission.

LUMINUS also has a question with regards to the Cabinet's reflection to reactivate the Strategic Reserve and the timeline foreseen for that to contrast with the CRM. The representative of the Cabinet of the Minister of Energy answers that it would rather be an alternative to the Tender.

LUMINUS also highlights that with the Tender, the Cabinet wants to strengthen CO2 emission limit, which basically excludes some power plans to participate to the CRM. LUMINUS then wants to know if the reactivation of the SR/ Tender is then foreseen as a safety net for these units. According to the representative of the Cabinet of the Minister of Energy it needs to be investigated.

FLUVIUS asks how and where the collaboration with the regions will be done for the participation of smaller capacities. The representative of the Cabinet of the Minister of Energy answers that they already had contact with Synergrid to discuss how to cooperate / set up actions.

Elia thanks the representative of the Cabinet of the Energy to be present and present the Winter Plan during the WG Adequacy.

#### **Total Electricity Demand Projections - 2022 exercise**

Elia introduces the following topic of discussion: "Total Electricity Demand Projections" presented by Climact by highlighting that although the presentation refers to figures for many years, the short-term need is a figure for the scenario determination by the Minister on the 15th of September in the framework of the Tender 27-28. Elia specifies that the goal of this presentation is not to determine all values and parameters for the next Adequacy and Flexibility Study, meaning any relevant changes occurring in the meanwhile can still be incorporated, in order to catch up with the every-day moving context.

Climact presents the Total Electricity Demand Projections.

#### **Methodology reminder**

Climact first presents the changes in the model (i.e. Pathways Explorer) to compute the evolution of the electricity demand based on macro-economic projections. Climact also presents a summary of the data sources used for this study. In particular the macro-economic projections are based on the latest economic and population perspectives published by the Federal Planning Bureau in June 2022. Finally, Climact specifies that the model projections are driven by more than 200 decarbonization levers (e.g., electrification of vehicles, heating, reduction of individuals' trips, etc.) defined on 4 levels (from historical trends to transformational). For the exercises with Elia, the macroeconomic indicators from The Federal Planning Bureau are chosen to drive the corresponding Pathways Explorer levers, instead of users' choices of predefined levels.

FEBELIEC asks for confirmation that for the industry, the model takes "business as usual", and not "make-or-buy" industrial products (make them here or buy them somewhere else). Climact, answers that added value in this model is based on Belgium territory; assumptions rely on what Belgian based companies/industrial production site are producing. Climact specifies that the model bases its assumption on today's industrial reality and does not consider disruptive scenario's. FEBELIEC disapproves of the fact that the reduction in demand – residential and industrial – that can be observed today, cannot be seen in the model, as the assumption follows business as usual (reflects what has been done in the past), irrespective of prices. FEBELIEC does also not agree that with the gas prices going up, there is a lot of pressure to increase electricity consumption in the industry (for fuel switching) [Climact argument], yet

at the current price, the pressure is to stop producing and consuming. In other terms, FEBELIEC does not agree with the assumptions proposed and consequently qualifies this study as a nice intellectual exercise that does not bring anything meaningful.

Climact understands the concerns but argues that a lot of factors have been taken into account with regards to sensitivity to prices, as it will be presented at a later stage in the presentation.

#### ***Evolution of Federal Planning Bureau projections***

No questions were raised on this topic.

#### ***Projections for Electric Vehicles and Heat Pumps***

No questions were raised on this topic.

#### ***Electricity consumption projections by sector and in total***

T-Power understands from Elia's introduction that the objective of this exercise is to determine the value for auction 27-28, but the timeline goes up to 2030. Climact answers they have looked up until 2035, but the focus here is indeed on 27-28, and other figures are subject to modification based on new evolutions that might come in the upcoming months. T-Power then asked whether Climact will use the data from Adequacy and Flexibility to develop the prospect for the future. Elia answers that for longer term forecast, data will be based on Adequacy and Flexibility (covering 2024-2034 period) and latest available information (Q4 2022) at that time.

FEBELIEC refers to graph on slide 39 and asks whether the value for 2021 is the real value of 2021 or a calculated one. Climact explains that these are the real values, to be taken cautiously, since it relies on Elia's estimate but should be updated when final data will be made available. FEBELIEC then wants to understand the explanation behind the 0.7 TWh difference. Climact says it is totally comprehensible when you look at Federal Planning Bureau from year to year. Besides, the energy model is driven by macro-economic projections that are moving a lot from year to year (i.e., covid, post-covid recovery and energy crisis). Therefore, less than 1% variation, given the variation of these projections, is understandable. FEBELIEC understands the answer but still criticizes using these projections as "written in the stone" for the future, since the Federal Planning Bureau's projections are always too high, and FEBELIEC would expect Climact to incorporate it in the model. Climact answers that the methodological question has been discussed, and the point is taken. Climact won't take this decision (relates on Elia's responsibilities), but is afraid incorporating a correction factor (as suggested by FEBELIEC) in the model will also lead to endless discussions.

Elia adds a specification on the gap between projections numbers and real numbers for 2021. First, 84.6 TWh is a provisional number. Synergrid publication (which falls a bit later in time) already displayed a value higher than 85 which is already closer to the projection number (85.3). These numbers need 1 to 1 year and a half to be consolidated. Second, Climact is using the latest available data from a renowned public institution. Febeliec may criticize the Plan Bureau's figures but up to Elia's knowledge, there is no other institution providing such macro-economic numbers. Third, years 2020 and 2021 were special years with extra non macro-economic effects such as lock-down (sector not open at the end of the year) that are not taken into consideration in the simulation.



Elia recalls that the focus should be on 27-28. Obviously, uncertainties surround 2022 and 2023, while it can be assumed there is a come back to a certain normality in 27-28, and let the questions related to 23-27 for discussion in the context of AdeqFlex. Climact concludes that everyone is aligned that the world is moving really fast, but this cannot be modeled. What can be done is to review the modeling exercise more regularly.

RWE Supply & Trading GmbH focuses on the trend forward, as of 2028, and questions whether the correlation with previous figures is linked to the growth on EV's and heat pump. Besides RWE Supply & Trading GmbH asks whether Climact is observing this trend repeating the year after, to see whether there is a higher energy demand independently of which energy technology will be needed, and to see how far the concentric model will go (less or more flexibility). Shortly, Climact says yes, but suggests to analyze the question later in the presentation in line with the model integrating the sensitivities.

CREG comes back on a methodological question and asks whether Climact changed the levers(s) level(s) in the modelisation between this year and last year. Climact answers that all levers are set on 1 except the one listed on slide 27 (including heat pumps) that are yearly updated based on the Federal Planning Bureau projections. Climact also adds that the methodology is available and published on Elia website.

#### ***Analysis of the electricity consumption sensitivity to electricity prices***

Climact then presents the methodology and results aimed at quantifying the effect of the current prices context on the electricity demand.

FEBELIEC states that even if the sector is progressively recovering to pre-covid level, pre-covid levels were down the trendline of the last years. Based on this reasoning the trendline should go down, while the trendline shown is a V and accelerates at the end. FEBELIEC says that he is addressing this comment every year but still remains without any explanations. Climact answers that the trendline is a general trendline to contrast with the industry. Elia also expected the comment and want to put in in perspective: Irrespective of the last days (600 and 700 EUR), the study is looking at the first 6 months of the year that were also intense pricewise, where a decline in industrial electricity consumption cannot be observed. If it is agreed that the last 2 or 3 days would representative for the electricity and gas prices in 27-28 then indeed the work done in by Cimact study is not representative, but it is not what Elia believes. FEBELIEC mentions that for these reasons he was expecting to see the E-cube study and price reactions to price level of June and highlights that the big difference between today crisis and the crisis in 70's is that in only affects Europe. Elia concludes by saying that a lot of discussion can happen but at the end a scenario needs to be chosen. FEBELIEC agrees but highlights that the choice of scenario has several impacts, including costs (link to CRM volume determination). Finally, the representative of the Cabinet of the Minister of the Energy shares her agreement that both overestimation and underestimation lead to cost. The Cabinet of the Minister of the Energy hears FEBELIEC's comment, but does not know how to solve the issues and highlight the difficulty to assess an impact as long as uncertainties remains, with the data known today. Therefore, the Cabinet of the Minister of the Energy asks FEBELIEC whether he has additional data/values that might help the Cabinet decide. FEBELIEC replies to have privileged confidential information that cannot be discussed in WG Adequacy but can be bi-laterally. Except for company names, FEBELIEC believes that at macro-economic level such sensitivity can be included. The

representative of the Cabinet of the Minister of the Energy concludes by thanking Elia, Climact and every stakeholders present at the WG Adequacy by contributing and making comments.

FEBELIEC has a question on the data used for the graph in slide 50, whether it only takes into consideration the elasticity of domestic and not industrial consumption. Climact agrees and Elia adds it is also not taking into consideration any other electrification, fuel switch, additional data center (therefore it could be under-evaluated); the structure of demand is the same as today except for electric mobility and heating for tertiary and residential.

FEBELIEC observes that for 27-28 it already leads to a discrepancy of 1.5 TWh, and then asks Elia which value is proposed to the minister. Elia answers that for the CRM Auction, Elia will refer to the sensitivity to prices projection (90.9TWh) in line with the response to the public consultation in June.

Elia specifies that the peakload has not been calculated yet but that there was a simulation in the context of the public consultation.

**Elia thanks everyone for the good discussion and the importance to iterate on these questions as it is not easy exercise.**

**Elia informs that there is no public consultation on this study.**

**No common position from the Working Group could emerge as to which number to take into account for the 27-28 Y-4 auction calibration.**

### **3. Minutes of Meetings**

The next meeting is currently foreseen on :

- Tuesday 13th September 2022 am - Focus CRM Design
- Thursday 13th October 2022 am - Flexibility Study
- Friday 28th October 2022 pm - Focus Public Consultation Adequacy and Flexibility
- Monday 7th November 2022 pm
- Friday 16th December 2022 pm