

## WG Adequacy #21 – Minutes of the Meeting

### Friday 25<sup>th</sup> of August 2023

#### Meeting

<b>Date</b>	25/08/2023
<b>Organiser</b>	Voet Jan

#### Participants

		<b>Attended</b>
Bagnet Christophe	Engie	<input checked="" type="checkbox"/>
Boustantia Zackaria	FPS Economy	<input checked="" type="checkbox"/>
Celis Chris	ODE	<input checked="" type="checkbox"/>
Chafaqi Laila	Luminus	<input checked="" type="checkbox"/>
Claes Peter	Febeliec	<input checked="" type="checkbox"/>
Coppin Xavier	Engie	<input checked="" type="checkbox"/>
De Waele Bart	CREG	<input checked="" type="checkbox"/>
De Wispelaere Bram	Cabinet Minister of Energy	<input checked="" type="checkbox"/>
Debrigode Patricia	CREG	<input checked="" type="checkbox"/>
Delferière Alan	FPS Economy	<input checked="" type="checkbox"/>
Gaillard Julien	Flexcity	<input checked="" type="checkbox"/>
Harlem Steven	Luminus	<input checked="" type="checkbox"/>
Herman Sofie	STORM	<input checked="" type="checkbox"/>
Laguna Vincent	Climact	<input checked="" type="checkbox"/>
Marin Alexandre	Thy-Marcinelle	<input checked="" type="checkbox"/>
Martin Benoît	Climact	<input checked="" type="checkbox"/>
Putz Patrick	E-Cube	<input checked="" type="checkbox"/>
Rkiouak Laylla	FPS Economy	<input checked="" type="checkbox"/>
Strosse Tom	Eneco	<input checked="" type="checkbox"/>
Taverniers Hans	Tessengerlo Group	<input checked="" type="checkbox"/>
Thijs Dennis	Nala Renewables	<input checked="" type="checkbox"/>
Van der Biest Piet	Siemens Energy	<input checked="" type="checkbox"/>
Van Gijzeghem Francies	ABDE	<input checked="" type="checkbox"/>
Vandersyppe Hans	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Vermeulen Pascal	Climact	<input checked="" type="checkbox"/>
Voorsprols Kris	COGEN Vlaanderen	<input checked="" type="checkbox"/>
Wagnier Jean-François	FEBEG	<input checked="" type="checkbox"/>
Willemot Guy	Tessengerlo Group	<input checked="" type="checkbox"/>

#### Report

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<b>Function</b>	PMO Adequacy
<b>Date report</b>	30/08/2023
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## 1. Agenda

- Welcome
- Approval of the Minutes
- Cost of Capacity – Entras
- Update on Load – Climact
- Strike Price – E-Cube
- Market Response – E-Cube
- Update from Cabinet
- AOB
- 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.*

### **Approval of the Minutes**

Engie suggests removing a part in the Minutes of the WG Adequacy #20 meeting as it lacks context. Elia agrees.

The Minutes of the previous WG Adequacy meetings are approved.

### **Cost of Capacity – Entras**

Engie comments about the list of technologies that were chosen by Entras. Engie discusses about the importance of not excluding technologies that might serve in facing the identified gaps in the upcoming years. The list chosen to calculate net CONE should not exclude technologies that might serve for the security of supply. Elia takes the point and further explains that the list of technologies used and presented by Entras is not yet exhaustive and final for the calibration exercise.

COGEN Vlaanderen reacts – if the net CONE is too low, then the auction might not clear, in other words, insufficient capacity would be offered considering the net CONE. COGEN Vlaanderen agrees that one shouldn't exclude technologies that could help regarding security of supply. However, by selecting technologies, one actually excludes more expensive technologies. Elia explains that the list of technologies displayed in the presentation is not the final list for the calibration process. For instance, the x-factor with regards to the intermediate values also plays a role in the calculation of the net CONE. In conclusion, the displayed list of technologies is an important first step in setting the final list but it is not yet the end result, or the single value for the net CONE.

### **Update on Load – Climact**

CREG asks what the impact of disposable income is on demand. Climact answers that the impact is on appliance use, the heating in the buildings and the transport demand. However, these are also impacted by the projections on heat-pumps and electric vehicles (EVs), that are more important in terms of electricity demand. Therefore, the impact of the disposable demand is of second order compared to the latter two.

Febeliec asks how many EVs would be added by 2028 under Climact's assumptions. Elia answers that in 2028, different types of EVs will exist – passenger cars, trucks, buses and so forth. The total, with different types, is estimated at around 1,700,000 EVs by 2028. Elia refers to AdeqFlex 2023 and the public consultation on the scenarios for the CRM for more details.

Furthermore, Febeliec asks what the consumption of data centers is. Climact answers that data centers used 1,5 TWh in 2022 according to the previous study by Climact. Febeliec wonders if the consumption of data centers is to double in the next 5 years considering the additional 2 TWh displayed on the slide. Climact answers that this data is based on

the surveys and requests of Elia's clients. Febeliec then asks if all the requests are assumed to be realized. Elia answers that these are projects in pipeline and that Elia does a close monitoring of these. If they don't happen, the demand will be adjusted accordingly. Febeliec asks if the data is already used for the calculation of the capacity for the Y-4 auction. Elia affirms – the figures are based on the data provided by Elia's clients.

ODE asks what the assumption made for simultaneous use of heat pumps is. Elia redirects ODE to the AdeqFlex study where it is extensively explained. More precisely, pages 98 to 106 and the appendix E (pages 355 to 360) of the study.

Febeliec mentions the initiatives in the neighboring countries such as France & Germany to lower the effective price for industries and households. Therefore, Febeliec asks if Climact considers both absolute and relative price regarding price elasticity. Climact answers that the results of their research were contrasted. In Belgium, similarly to the neighboring countries, different mechanisms also exist. In conclusion, the first analysis didn't show any significant difference between Belgium and neighboring countries. Elia believes that Febeliec refers to the policy decisions to lower the prices – Elia takes the point as they're important to consider. Elia adds that industry takes multiple factors into account such as the gas price when deciding where to produce.

### **Strike Price – E-Cube**

Elia further gives explanations regarding the regulatory framework. The recently published Royal Decree brought changes in terms of strike price determination.

### **Market Response – E-Cube**

Febeliec asks what “*proposal to not apply growth rates as from winter 2022*” displayed on slide 90 means. Elia answers that that instead of estimating a growth rate for Market Response, the proposal is to add Market Response capacity during the calibration of the model if it is the technology with the lowest missing-money.

### **Update from Cabinet**

Cabinet gives further explanations about different topics such as Y-2 auction, 200 hours rule as well as the capacity split for the Y-4 and Y-1 auctions. Cabinet collaborates with Elia & CREG on the law change with the objective of finishing it this semester. Furthermore, Cabinet affirms that the goal of discussing it at the Parliament during October, November & December.

Febeliec asks if the idea is to institutionalize the CRM as it was initially brought up to cope with the nuclear phase-out. Furthermore, Febeliec asks if Cabinet is mentioning auctions where participation will be reserved to specific technologies. Regarding the second question, Cabinet answers that no specific technology will be favored – the goal is to be technology neutral. Regarding the first question, Cabinet answers that continuous improvement on the CRM is necessary based on the learnings and the current trends. In Belgium, the CRM will be here for 10 years. However, on the European level, discussions are ongoing on the institutionalizing of the CRMs throughout the continent.

Engie is happy to hear the evolution on the volumes to be tendered in the auctions. As FEBEG highlighted, important volumes are reserved for Y-1 auction. Considering the increasing need of capacity, it is the right timing to have a thorough reflection on this. Moreover, Engie wonders if Y-2 auction can be considered as replacing the Y-1 auction in the long run. Cabinet says that there will always be a need for a corrective auction Y-1. It is still open for discussion, but it is a complex matter.

Cabinet explains that the discussions with the European Commission are ongoing. However, the Cabinet states that they are quite pessimistic regarding the outcome of the discussions on the payback obligation exemption for Demand Side Response. In fact, the European Commission evaluates DSM exemption as not compatible with the state aid rules. It would create a discrimination between technologies. Nonetheless, the Cabinet is working upon different arguments to defend the participation of DSR in the CRM. Elia also states its surprise regarding this information from the EC. However, Elia also stresses out that a final decision hasn't been made yet. New regulations are incoming with European Market Design Reform – provisions to incentivize DSR are also discussed.



Febeliec states that this means the end of DSR in the CRM. Febeliec states that speaking about non-discrimination, one can forget about DSR in the CRM. Cabinet says that the discussions are ongoing. However, the Cabinet wanted to be as transparent as possible and therefore admits its pessimism over the topic. Febeliec states that very long and difficult discussions have taken place with many stakeholders up until now regarding several evolutions to the payback mechanism Bottom line, Febeliec finds this very unfortunate.

Elia asks for an update on the Royal Decree. Cabinet invites FPS Economy to give an update about it. In the meanwhile, the Cabinet explains that the Royal Decrees on the methodology and investments thresholds have been published in August. The Royal Decree on the payback exemption has been published on 25<sup>th</sup> of August. FPS Economy then presents the retroplanning with the upcoming milestones.

Febeliec asks how one should interpret the publication of the Royal Decree on payback exemption considering the ongoing discussions with the EC. Cabinet answers that a clause in the Royal Decree conditions the application based on the approval from EC.

#### ***AOB & Next meetings***

No further comments.



### 3. Next Meetings

The next meetings are currently foreseen on:

- **Thursday 14<sup>th</sup> of September 2023 A.M.: WG**
- **Friday 13<sup>th</sup> of October 2023 A.M.: WG**
- **Wednesday 8<sup>th</sup> of November 2023 A.M.: WG**