Written questions and answers related to the annual meeting of Elia Group of 19 May 2020

QUESTION 1

- **How could Elia deal with a 'non-decision' by the Belgian authorities (government and parliament) that leaves the 2003 nuclear phase-out law unchanged (no extension of Doel4 and Tihange3) and with a non-approval in time by the European Commission of the Belgian CRM mechanism prohibiting a capacity auction to be built in order to have enough generation capacity in 2025?**
- **Will neighbouring countries be able to supply us with the missing power thanks to our upgraded cross-border connections?**
- **Will we consider using the existing load shedding plan?**

In the debate on the security of supply of electricity, Elia operates in a way that supports policy. The federal government is responsible for Belgium's security of supply. Elia is neutral with regard to the energy mix and how the country's security of supply is to be guaranteed.

Elia's latest in-depth study (Adequacy and flexibility Study for Belgium 2020-2030 – June 2019) confirms that security of supply is at risk starting in 2025 – and could also be at risk in the preceding years too (2022-2025). This is the result of the legally required nuclear phase-out and the changes in neighbouring countries, where 100 GW of thermal capacity is due to be shut down, which in turn means the margin for ensuring Belgium's security of supply (and therefore Belgium's ability to export) will shrink sharply.

Our study – which is based on European methodologies, policy choices for renewable energy targets and security of supply criteria defined by law, and which takes account of the export capabilities of neighbouring countries – shows that Belgium's needs 3.9GW of new capacity. The study also shows that the profitability of the required new capacity is insufficient and that the current market circumstances will therefore not automatically lead to the necessary investments required to meet this need. If we want to structurally guarantee security of supply in Belgium after the nuclear phase-out, then Elia is still of the opinion that a market-wide CRM offers an effective solution as an adjunct to the energy market (Energy-Only Market).

Should the option of extending 2GW of nuclear capacity be considered, then, in Elia's opinion, it would again be advisable to continue developing the CRM in order to guarantee the Belgium's security of supply. However, shutting down the remaining 4GW of nuclear capacity will still result in a major capacity shortfall in an energy market that offers insufficient profitability for new investment in order to absorb that shortfall structurally.

The biggest risk to Belgium's security of supply is that no sufficient solution can be implemented. In such a scenario there is an increased chance of having to call for the implementation of the load-shedding plan. For Elia, the load-shedding plan is still an absolute emergency measure with major socio-economic and therefore societal consequences, meaning that under no circumstances can it be considered as being part of normal operations in a correctly functioning electricity system.

Therefore, further developing and implementing the CRM remains a necessary safety net, and, under the current circumstances, is necessary in all scenarios.

QUESTION 2

Elia's profit is 'protected' mainly by the regulation of its tariffs via the European regulatory independence of CREG, its regulator. Compare this with the prosumer tax saga between CWaPE and the Walloon government, and the opinions of the Council of State on the independence of regulators. Will the distributed profit also be protected? And will it be outside the scope of any government decisions – even though the main shareholders are the Belgian municipalities?

Regulation (both European and Belgian) means the regulator alone has the power to determine – independently – tariff methodologies, which in turn include provisions defining the system operator's profit. In general, with respect to the system operator's profit, the state's intervention is limited solely to determining the tax applicable to companies. We do not see any link between the pricing applicable to prosumers in the Walloon Region and the dividend policy adopted.

QUESTION 3

Why is there a difference between 'independent' directors (newly appointed for one year following the group's reorganisation) and 'non-independent' directors (Publi-T) (appointed for six years). Isn't the group's reorganisation an opportunity to strengthen the independence of the directors who should help the group's development outside Belgium without favouring a group of shareholders? Items 10.1 and 10.2 on the agenda of the Annual General Meeting?

The one-year renewal period for the directorships of three independent directors of Elia Group is to be compared with the six-year renewal period for the directorships of three independent directors of Elia Transmission Belgium and Elia Asset.

This one-year renewal period, which pertains to the independent directors of Elia Group whose directorship expires at the end of the Ordinary General Meeting on 19 May 2020, complies with the company's articles of association (which stipulate that directors are appointed for a period of no more than six years) and stems from the Group's development.

The changes will make it possible to include directors with targeted skills related to the Group's international development. As mentioned in the invitation to Elia Group's Ordinary General Meeting, by limiting the renewal period of the independent directors concerned by renewal to one year, Elia Group is clearly and transparently creating the possibility of comprehensively examining and discussing the most appropriate composition of the Board of Directors in the light of the restructuring of Elia Group.