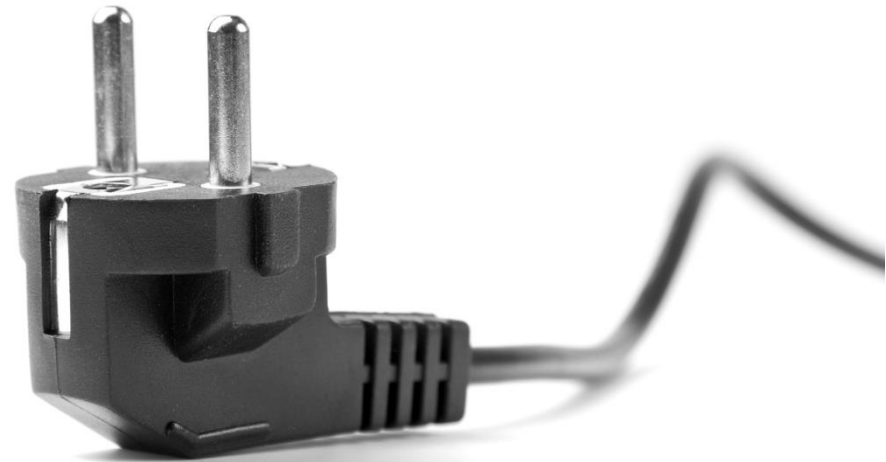


Benchmarking study of electricity prices  
between Belgium and neighboring countries  
Press conference

June 2014



# Objectives and scope of the benchmarking study

The **primary objective of the study that Febeliec commissioned at Deloitte** is to obtain an overview of possible differences in prices for electricity purchased on the electricity market by major industrial consumers such as the members of Febeliec in Belgium as compared to their peers in France, The Netherlands and Germany.

- The **primary focus** is on **relative price differences** that exist on the market for Febeliec member profiles using identical, simplified, standardized, load (base load and peak load) and volume profiles (ranging from 100 GWh to 1.000 GWh).
- The **study covers** the actual prices for electricity that can be purchased in the relevant electricity markets in the **period 2012, 2013 and 2014** based on existing legislation and policies.

# Benchmark methodology

The relevant electricity price components used in this study are based solely on public data sources.

## **Market price:**

Market prices are based on electricity market quotations (using appropriate combinations of spot & forward prices) as to obtain objective data that is comparable over the different Febeliec members. This pricing approach neutralizes the impact of:

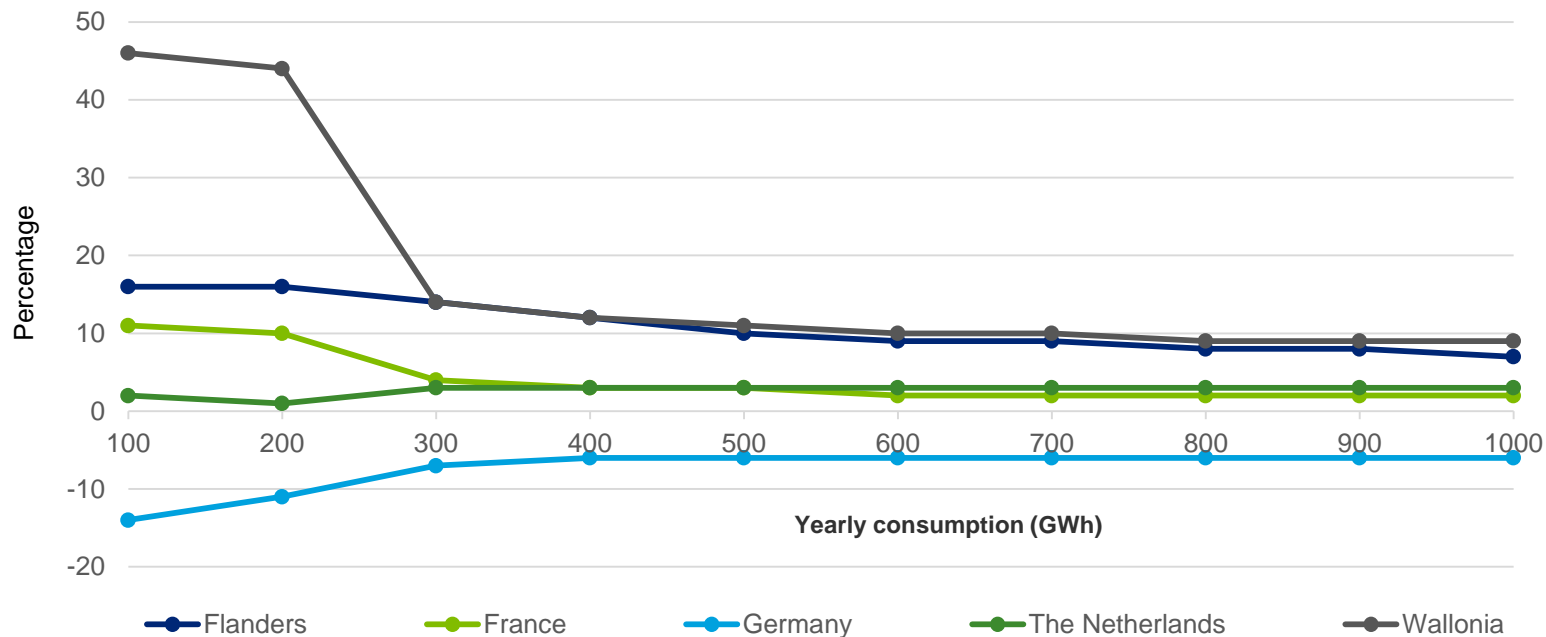
- different sourcing and hedging strategies
- historical long term sourcing contracts concluded under different market conditions

**Network costs:** Network costs are regulated tariffs applied by the transmission grid operators (TSO'S) for the transport of electricity over the transmission network (excluding distribution).

**Electricity taxes:** Represent all taxes and other levies that are to be paid on top of the market price and network costs in the different jurisdictions.

# Benchmark total electricity prices for a base load profile

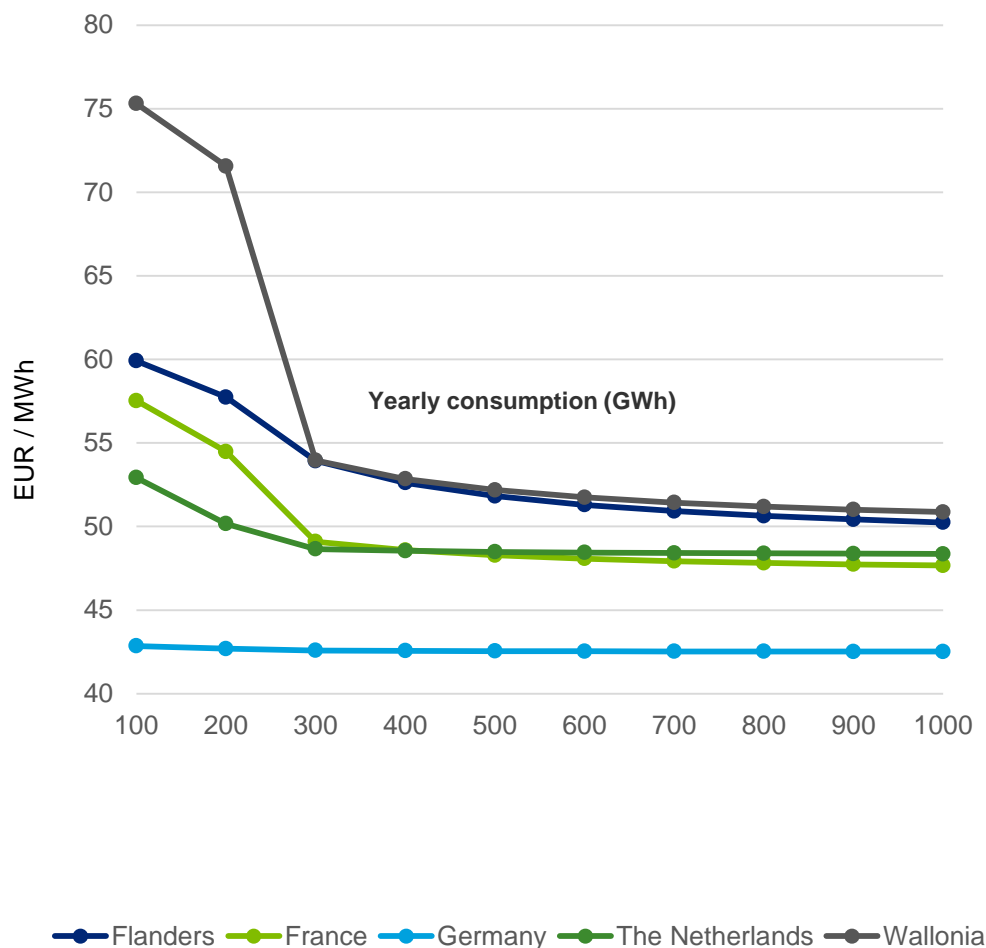
Relative electricity price deviation vs average price of our neighboring countries – 2014 – Base load consumer profiles



Industrial base load consumers face higher all-in electricity prices in Belgium, ie. between **9%** (for 1000 GWh in Flanders) and **47%** (for 100 GWh in Wallonia) higher in Belgium than the average of our neighboring countries.

# Benchmark total electricity prices for a base load profile

Total electricity prices - 2014 – Base load consumer profiles



- Total all-in electricity prices range from :
  - **43 EUR/MWh** in Germany to
  - **60 EUR/MWh** in Flanders and up to
  - **75 EUR/MWh** in Wallonia.
- Electricity prices are higher between:
  - **4 to 9 EUR/MWh** in Flanders and
  - **5 to 24 EUR/MWh** in Wallonia
 compared to the average available electricity prices for industrial consumers in our neighboring countries.
- These all-in electricity price differences result in higher electricity costs in Belgium, ie. between:
  - **0,9 MEUR** in Flanders and **2,4 MEUR** per year in Wallonia (100 GWh profile).
  - **4,0 MEUR** in Flanders and **4,7 MEUR** per year in Wallonia (1.000 GWh profile)

## Benchmark total electricity prices for a base load profile

- Electricity **prices remain higher** in Flanders and Wallonia.
- In Belgium **taxes have decreased but network costs have increased** compared to 2013.
- The observed electricity price difference with our surrounding countries is essentially driven by a combination of the following governmental measures:
  - **Low network costs** in Germany & the Netherlands (up to - 90% on standard tariffs)
  - **Low electricity taxes** in The Netherlands
  - **Low electricity taxes** in France for consumers with higher volumes