



Benchmarking study of electricity prices between Belgium and neighboring countries

Press Conference

April 2016



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 (baseload and peak load) and volume profiles (ranging from 100 GWh to 1000 GWh).
- The **study covers** the actual prices for electricity that can be purchased in the relevant electricity markets in the **period 2014, 2015 and 2016** 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:

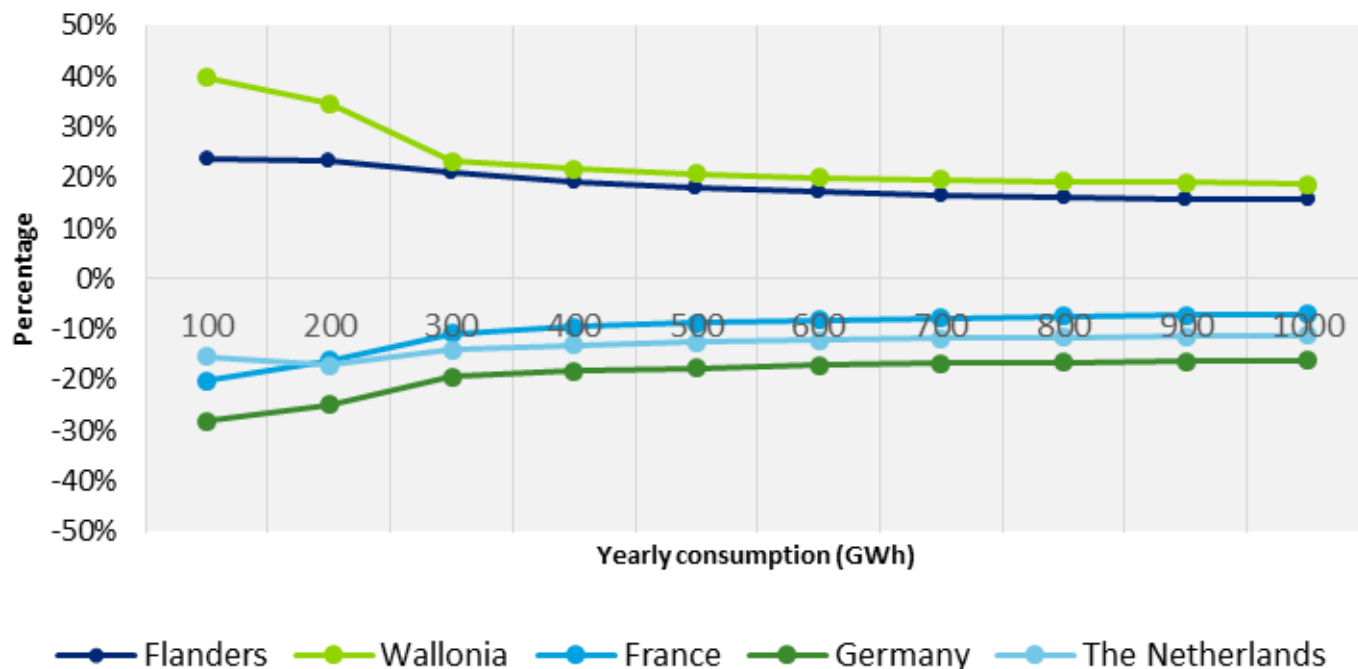
- different sourcing and hedging strategies
- historical long term sourcing contracts concluded under different market conditions

Network costs: Network costs are regulated tariffs applied by the transmission grid operators (TSOs) 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 all-in electricity prices for a baseload profile

Relative deviation of electricity prices vs average prices in Belgium and its neighboring countries - 2016 - Baseload consumer profiles

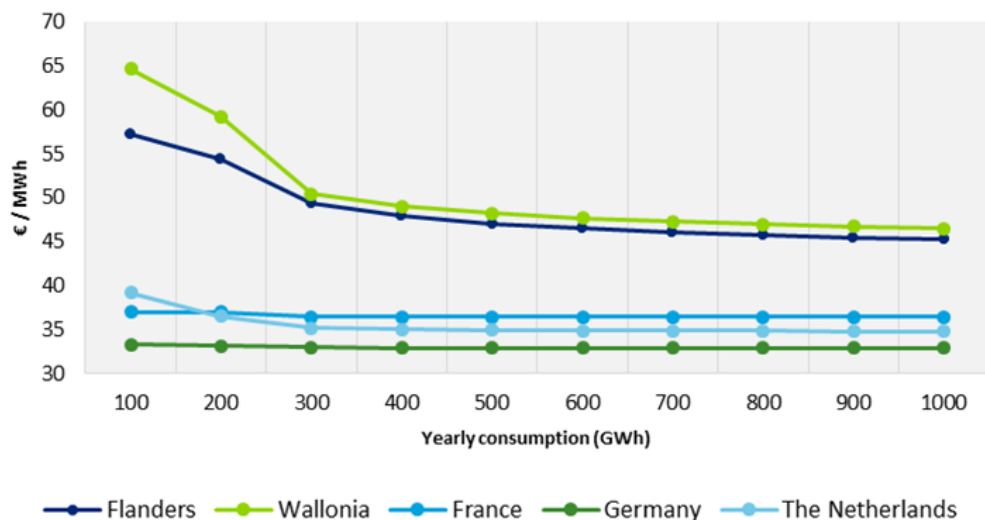


Large industrial baseload consumers are facing higher all-in prices for electricity purchased in Belgium versus in its neighboring countries.

All-in electricity prices are between **16%** (for 1000 GWh in Flanders) and **40%** (for 100 GWh in Wallonia) higher than the average of the different countries in the benchmark scope.

Benchmark all-in electricity prices for a baseload profile

All-in electricity prices - 2016 – baseload consumer profiles



Total all-in prices for electricity range between:

- **33 €/MWh** in Germany (1000 GWh)
- **57 €/MWh** in Flanders (100 GWh)
- **65 €/MWh** in Wallonia (100 GWh)

The study reveals that, compared to the average of the countries in the study, prices for industrial consumers are higher in Belgium:

- between **6 to 11 €/MWh** in Flanders and,
- between **7 to 18 €/MWh** in Wallonia

For a 100 GWh baseload consumer this represents an annual electricity cost difference of:

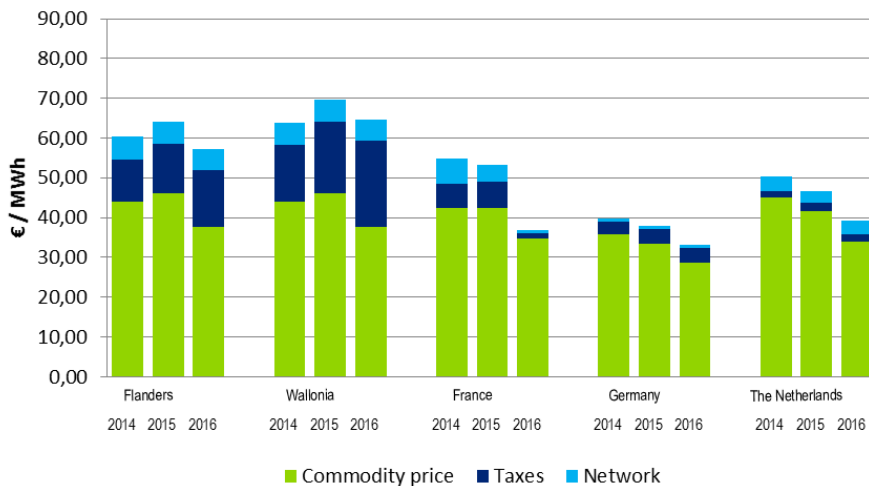
- **1,1 million €** in Flanders and
- **1,8 million €** in Wallonia

For a 1000 GWh baseload consumer this represents an annual electricity cost difference of:

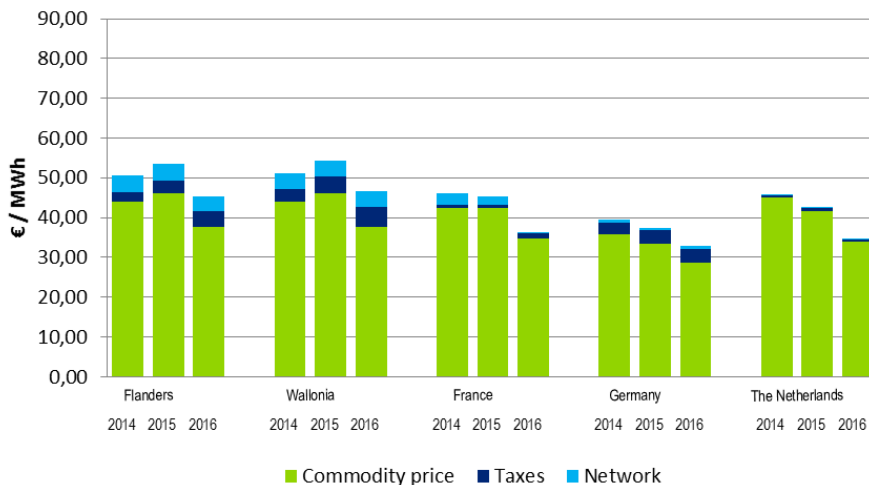
- **6,1 million €** in Flanders and
- **7,4 million €** in Wallonia

Benckmark all-in electricity prices for a baseload profile

All-in Electricity prices for baseload profiles (100 GWh)



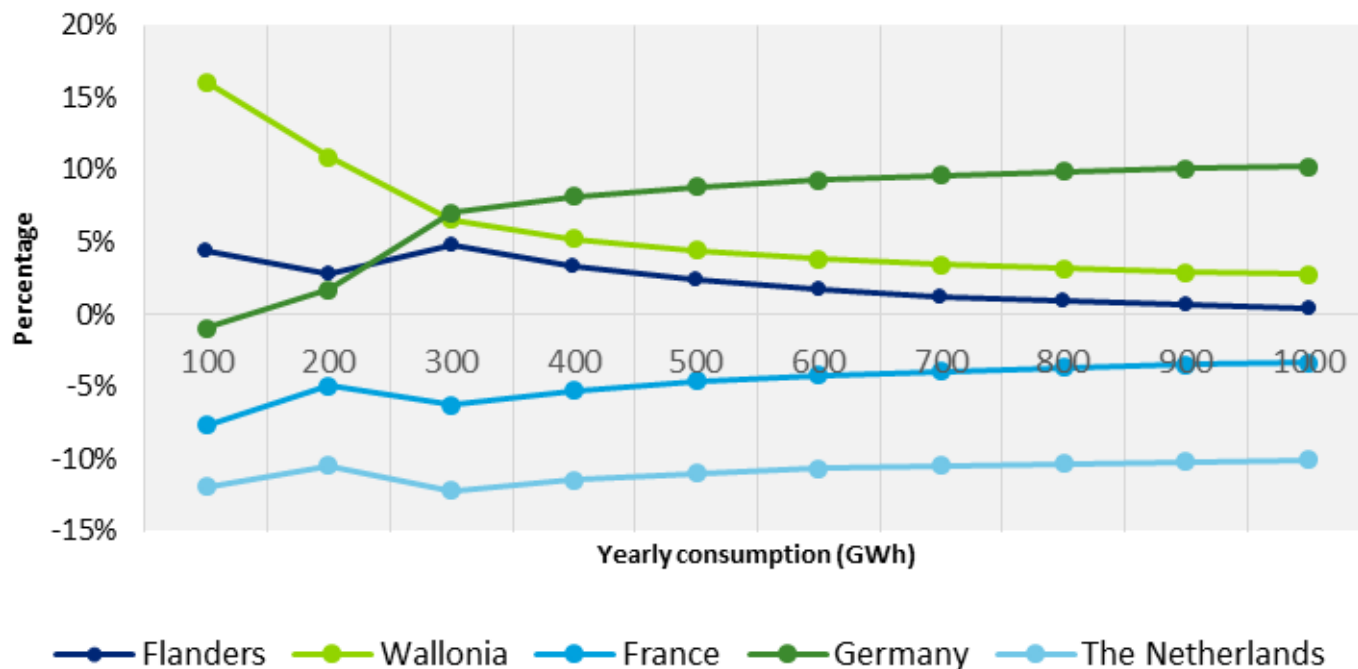
All-in Electricity prices for baseload profiles (1000 GWh)



- The all-in **electricity prices have decreased** in Flanders and Wallonia in **2016 compared to 2015**.
- In both Flanders and Wallonia electricity commodity prices and network costs have decreased while taxes have increased.
- The observed price difference with the other countries is essentially driven by a combination of the following elements:
 - **Higher commodity prices in Flanders & Wallonia** compared to the neighboring countries.
 - **Important discounts on network costs in France, Germany and the Netherlands of up to 90%** of the standard tariffs for **baseload consumption**. Before 2016, the discount in France was 50%, which explains the important drop between 2015 and 2016 in France.
 - **Substantially higher electricity taxes** in Flanders and Wallonia compared to the neighboring countries.

Benchmark all-in electricity prices for a peakload profile

Relative deviation of electricity prices vs average prices in neighboring countries - 2016 - peak load profile



The all-in electricity price for peak load consumers in Wallonia is **16%** higher (for 100 GWh) compared to the average prices for their peers in France, The Netherlands and Germany.

Prices in Flanders are **4%** higher (for 100 GWh) than the average of the other countries in the benchmark study.



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