



Benchmarking study of electricity prices between Belgium and neighboring countries

Press conference

26 March 2019



Objectives and scope of the benchmarking study

The **primary objective of the study that Febeliec requested from Deloitte** is to obtain an overview of possible **price differences for electricity** purchased on the electricity market by major industrial consumers in Belgium, such as the members of Febeliec, 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 2017, 2018 and 2019** 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:

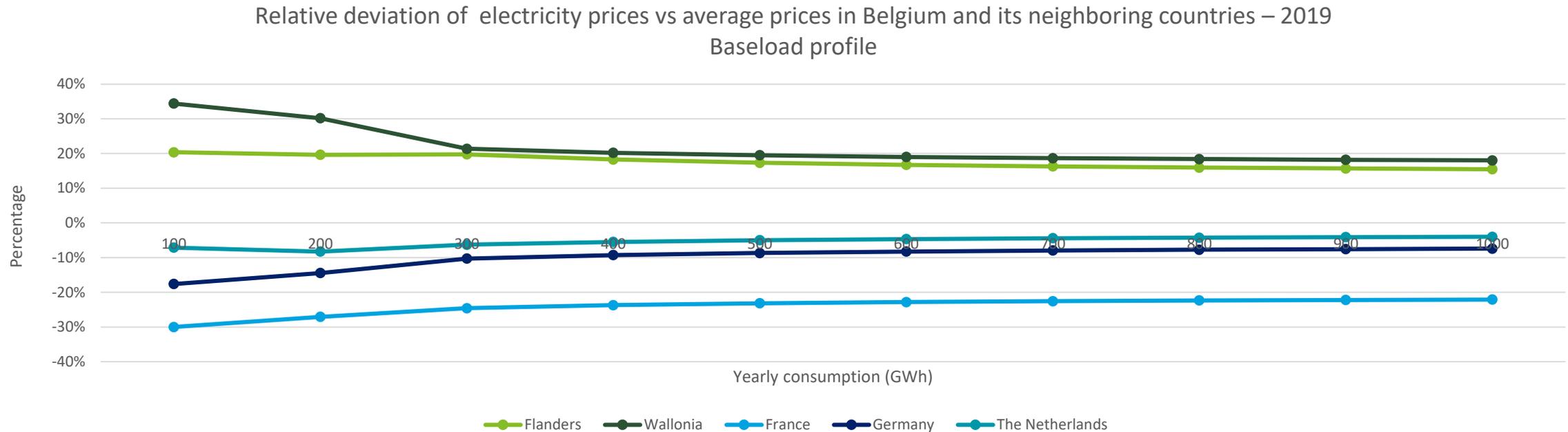
Network costs are regulated tariffs applied by the transmission grid operators (TSOs) for the transport of electricity over the transmission network (excluding distribution).

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

Baseload profile

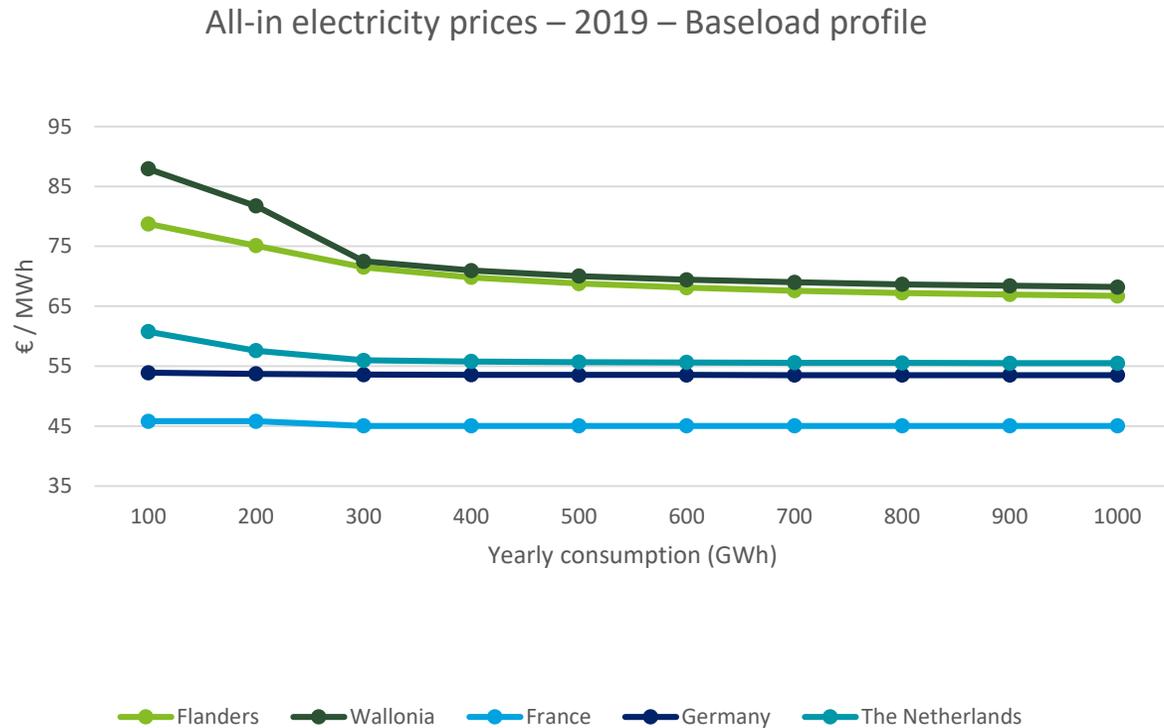


Large industrial baseload consumers are facing higher all-in prices for electricity purchased in Belgium versus in its neighboring countries.

In Flanders, results show a difference in electricity price of approximately **9€/MWh (+15%)** for a 1000 GWh industrial consumer and up to **13€/MWh (+20%)** for a 100 GWh industrial consumer compared to the average of the electricity prices of all countries in scope of the study. In Wallonia, we see differences of approximately **10€/MWh (+18%)** for a 1000 GWh industrial consumer and up to **23€/MWh (+34%)** for a 100 GWh industrial consumer compared to the average of the electricity prices of all countries in scope of the study.

Benchmark all-in electricity prices

Baseload profile



Total all-in prices for electricity range between:

- **46 €/MWh** in France (100 GWh)
- **79€/MWh** in Flanders (100 GWh)
- **88€/MWh** in Wallonia (100 GWh)

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

- between **9 to 13€/MWh** in Flanders and
- between **10 to 23€/MWh** in Wallonia

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

- **1,3 million €** in Flanders and
- **2,3 million €** in Wallonia

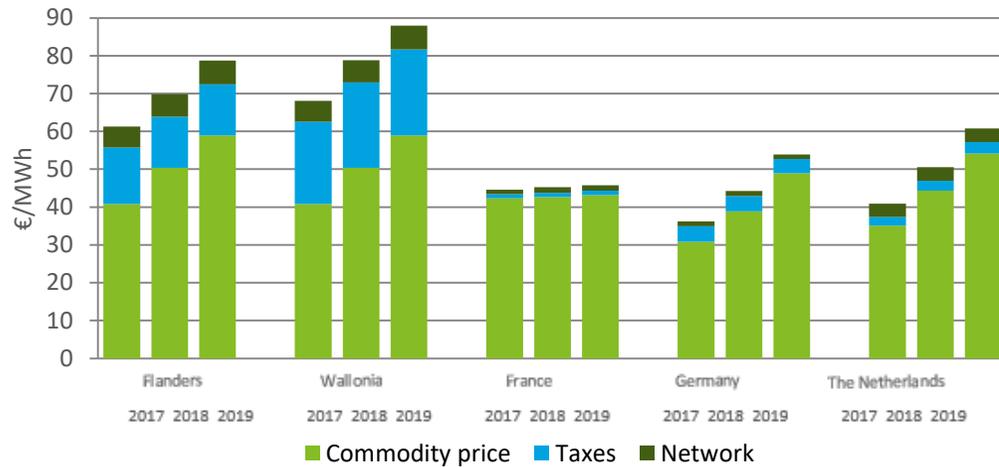
For a 1000 GWh baseload consumer this represents an annual electricity cost difference of:

- **9 million €** in Flanders and
- **10,4 million €** in Wallonia

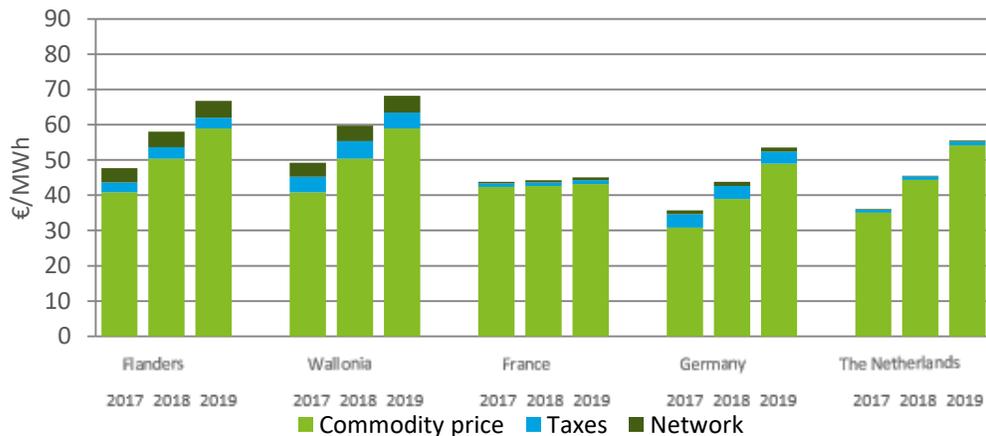
Benchmark all-in electricity prices

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 increased** in Belgium in **2019 compared to 2018**. For Flanders and Wallonia, we see an increase in all-in electricity prices of +10% to +13% for a 100 GWh profile.

This increase is partially explained by an increasing commodity cost (+17%). Network costs have also increased (+6 to +8%), both in Flanders and in Wallonia. Taxes for large consumer profiles (1000 GWh consumption) have slightly decreased in Wallonia and Flanders. This can partially be explained by the fact that there was no need to constitute a Strategic Reserve for the winter 2018-2019. For 100 GWh profiles, we see a slight increase in taxes compared to last year (around 1%).

The observed price difference with the other countries is essentially driven by a combination of the following elements:

- **Higher electricity taxes** in Flanders and Wallonia compared to the neighboring countries. Even if, in a general way, taxes decreased this year, they are higher compared to all neighboring countries (both in Flanders and in Wallonia).
- **Important discounts on network costs in France, Germany and the Netherlands** of up to 90% of the standard tariffs for certain consumption profiles. More details can be found in the appendix to this report.
- **Commodity prices** in Flanders & Wallonia are about 11% higher than the average commodity cost for all countries in scope.



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