

**PRESS RELEASE**

**Elia Adequacy & flexibility study 2020-2030  
Lack of attention for cheaper alternatives**

**Brussels, 28 June 2019 – Today Elia presented its long expected “Adequacy & flexibility study 2020-2030”, which is to make an assessment of the security of supply in electricity in the upcoming decade. Febeliec reacts with criticism: Elia essentially goes for a very expensive route and ignores the potential of the liberalised electricity market. This goes with a significant risk of even higher electricity costs, which would deteriorate the situation for Belgium with even less competitive electricity prices.**

Elia, the Belgian electricity transmission system operator, published today its “Adequacy & flexibility study 2020-2030”, in which it assesses the security of supply in electricity for the next 10 years and formulates recommendations in order to reach the different goals of the energy and climate policy. It is remarkable to note that the need of additional capacity has even increased compared to the previous study (November 2017) to 3.9 Gigawatt (GW), and this in spite of investments in additional import capacity. Moreover, Elia sees an earlier need in additional capacity (more than 1 GW already as from 2022). These conclusions are in clear conflict with those of a recent report by the energy regulator CREG, confirming that in the past winter, and notwithstanding the unavailability of up to 6 out of 7 nuclear plants, security of supply was not jeopardised at any moment.

Febeliec regrets that Elia only explores the route towards a capacity remuneration mechanism (CRM), a new source of subsidies for guaranteed capacity, to become operational as from next year, provided it obtains a European green light. Febeliec sees at least 2 other routes towards security of supply in electricity:

- Security of supply should remain in the first place a responsibility of the suppliers, who in the market have to respect at any time a balance between the electricity they inject into the grid and their clients’ offtake. Elia partially sets aside this principle in its proposals, although it has the power to penalise the non-respect of this balance, and thus avoid shortages. In this regard, Febeliec insists on more transparency from the side of suppliers on their capacity to respect balance also in the medium term.
- The study includes some sensitivity analyses among which the life extension of 2 nuclear plants. As several previous studies already show, this scenario leads to a lower import dependency, substantially lower greenhouse gas emissions in our country and in a significantly lower system cost. Febeliec calls upon the authorities to thoroughly look into the scenario and in any case to create clarity as soon as possible about the timing of the nuclear phase-out in order to stabilise the investment climate in the industry.

The CREG calculated earlier that the gross cost of the proposed mechanism might, at cruising speed, reach up to 600 to 940 million euros per year, a figure that with the new Elia analysis will probably even somewhat higher. Febeliec therefore asks that the alternative scenarios be looked at first, and that the CRM be only introduced as a last resort solution in compliance with European legislation. Febeliec also insists on the need to minimise the cost of the mechanism and not to pass it through to electricity consumers, already facing very high energy costs. For industry, the introduction of an energy norm remains in any case a top priority.

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