

## Febeliec answer to the Elia consultation on the procedure for the constitution of the Strategic Reserve for winter 2020-2021

Febeliec would like to thank Elia for this consultation on the procedure for the constitution of the Strategic Reserve for winter 2020-2021.

Febeliec has following remarks and comments to this consultation:

- Febeliec hopes that the CREG will publish at the latest at the day of the start of this procedure the criteria it will apply to assess the reasonability of offers, as such criteria have until yet not been published. This will greatly increase the confidence and transparency towards potential candidates in the procedure.
- Febeliec wants to re-iterate its comment regarding the fact that the Minister can revise the volumes of the Strategic Reserve till the first of September, while for any candidate wishing to offer SDR to the Strategic Reserve, this entails a risk as submeters for SDR already have to be ordered before the end of August, which could lead to useless and non-remunerated investments by these candidates. Febeliec has already made this comment for this winter 2018-2019 and continues to hope that Elia, CREG and the Minister will find a solution to avoid this problem, as this uncertainty can result in potential candidates not offering their capacity into the strategic reserve, which leads to a sub-optimal outcome for society as this would (unnecessarily) push up the cost of the strategic reserve.
- Febeliec notices that Elia will contact the selected SDR and SGR suppliers to inform them of their selection. For Febeliec it is important to maintain as much transparency as possible and it would thus be advisable to inform all grid users of the outcome of the selection process, even including a price indication.
- Febeliec remains concerned for those delivery points that do not have a net offtake on annual basis (eligible for SDR) or do not have a CIPU contract (eligible for SGR) and hopes that everything is done to allow the last few potentially remaining cases to offer also into the tender for the strategic reserve. Febeliec nevertheless wants to highlight and appreciate the efforts that have been done by all involved actors in the last few years to remove as many barriers as possible for participation of as many as possible candidates. A clear example are emergency generators, which now have been allowed to participate insofar they fall under the requirements for SDR.
- With respect to the procedure for the determination of the maximum SDR reference power, Febeliec wants to reiterate the comments it made in previous years with respect to the methodology applied by Elia to take into account the unavailability of nuclear plants during winter 2018-2019. The chosen approach by Elia unduly leads not only to an increase from 1GW to 1,5GW for the 7 year average unavailability factor of nuclear plants for the low probability high impact sensitivity (an impact that will continue to impact the outcome for many strategic reserve calculations), but also to a severe impact on the table used by Elia for the availability rate of RrefDR, with yet again higher deratings of demand side than for previous winter, when Febeliec was already surprised by the undue stringent approach by Elia. Febeliec now observes that Elia has become even more stringent towards deratings for winter 2020-2021 than it was in previous years, without providing any validation nor justification of this approach. Febeliec regrets that Elia has chosen to continuously and increasingly penalize demand side flexibility participation to the strategic reserve without providing any quantitative analysis and is strongly of the opinion that a very clear and concise justification of these additional deratings must be provided before the proposal can be approved, as it is currently impossible to validate the numbers proposed by Elia.
- Febeliec also wants to stress very strongly that it finds it unacceptable that for the calculations for a need for strategic reserve for winter 2020-2021 and following the much higher contracted volumes of contracted demand side response by several market players in winter 2018-2019 are not used as the new starting point to apply the existing methodology regarding demand side response in the market. As such much higher volumes have been contracted by several actors in the past, it is unconceivable not to take them into account as *acquis* in any further analysis; the approach by Elia leads to a sub-optimal analysis, to the detriment of grid users as they have to bear the costs of an unnecessarily large strategic reserve which is already inflated because of the approach of Elia with respect to the unavailability of nuclear plants in winter 2018-2019.
- Febeliec appreciates that the conditions for a return to the market of SGR units are now clearly bundled in Title 8 and urges all involved parties to be very strict on this point, to avoid any undue additional market distortions.