

Febeliec answer to the Elia consultation on the updated MOG II System Integration Study

Febeliec would like to thank Elia for this consultation on the updated MOG II System Integration Study.

Febeliec wants to refer to its comment on the first Elia consultation on the MOG II Integration Study. Febeliec regrets that when reading the updated study, it does not really see many changes in the document, except for the part on the mitigation measures. Febeliec hopes that this does not mean that all its comments, as well as those from other stakeholders, have had almost no effect, as this would raise serious questions about the purpose and sense of consultations. Indeed, these require a lot of time and effort from concerned parties and it would be a shame if these consultations were only conducted to comply with legal or regulatory obligations and not from a real interest in the opinion and valuable expertise, experience and knowledge of all stakeholders. Febeliec trusts that it will receive a complete consultation report, clearly identifying why comments have not been taken into account, and also clearly asks that the regulatory approval is conducted with a clear view of what was taken on-board, with also an indication of which elements were not taken on board.

On the study, Febeliec would like to stress that it is of the utmost importance to maintain and guarantee that BRPs are responsible for balancing their portfolio, with Elia only responsible for residual system imbalances. It is thus of the highest priority to ensure that the correct signals are given to BRPs in order to ensure that they will dutifully and to the best possible extent fulfil their obligation. However, when looking at the report and as already indicated during the first consultation, Febeliec can only wonder whether Elia is not too conservative in its approach, and as such creates both a framework where BRPs might feel less inclined towards balancing their portfolio in all possible conditions, including non-planned but predictable outages or losses in generation capacity. This is for Febeliec very worrisome, as this might lead to ever larger volumes of contracted balancing reserves by Elia, which are paid for by consumers through their grid tariffs. Febeliec regrets that this point does not seem to have been taken on board as no modifications have been made. Febeliec insists that it is adamant to create the strongest possible signals in order to incentive BRPs to balance their portfolio, as well as reiterates a request it has voiced already numerous times regarding the attribution of the cost of the reservation of balancing reserves. If for example this cost were to be invoiced to BRPs, instead of grid users, based on their share in the use of contracted balancing reserves by Elia, this would create an additional incentive for BRPs to hold or contract sufficient flexibility in their portfolio, as those BRPs with sufficient flexibility, which would thus be balanced within their portfolio, would pay less than those BRPs which would always have to fall back on Elia for residual balancing. By doing so, dutiful BRPs would be able to be distinguished from the others and would also be able to provide different commercial conditions to their customers, as they would only have to charge through lower costs for Elia's balancing reserves for their clients. Thus, by charging the costs of balancing reserves via BRPs, Elia would give an additional incentive to the well-behaving BRPs and give an additional financial incentive to other BRPs to perform better, by a.o. contracting extra flexibility. In the end, this would presumably also reduce the need for Elia to contract ever more balancing reserves, which would benefit all consumers. Febeliec strongly asks that Elia and CREG attentively consider such option, in order to avoid that consumers would need to pay for an ever-increasing level of balancing reserves, by providing an additional investment signal to BRPs to invest in flexibility in the market.

On the study, Febeliec understands that it is indeed maybe to soon to be able to take definitive decisions and supports an update of the study in a later period (with 2022 proposed by Elia).

On the proposed mitigation measures, in particular the modifications compared to the previous version, Febeliec has some comments and questions:

On the discussion on the high wind speed moderate technology, Febeliec understands that this would lead to an increase of both the number and duration of violations. Febeliec can of course not condone a situation where an increasing risk of violations would lead to higher balancing reserves, at a cost detrimental to consumers. However, Febeliec would like to see a CBA analysis taking into account a much larger system perspective, as consumers not only have to pay for balancing reserves, but also for the subsidies for the offshore wind. As such, there is presumably a trade-off between costs in both parts, with an optimal level. Based on the information at hand, it is however impossible to discern where such optimum would be and if it would result in a clear outcome or a more balanced result. Such information would in any case be very valuable to be included in a future update of this study.

Febeliec vertegenwoordigt de industriële energieverbruikers in België. Zij ijvert voor competitieve prijzen voor elektriciteit en aardgas voor industriële activiteiten in België, en voor een verbeterde bevoorradingszekerheid in energie. Febeliec telt als leden 4 sectorfederaties (Chemie en life sciences, Glas, papierdeeg & papier en karton, Textiel en houtverwerking, Baksteen) en 35 bedrijven (Air Liquide, Air Products, Aperam, ArcelorMittal, Aurubis Belgium, BASF Antwerpen, Bayer Agriculture, Bekaert, Borealis, Brussels Airport Company, Covestro, Dow Belgium, Evonik Antwerpen, Glaxosmithkline Biologicals, Google, Ineos, Infrabel, Inovyn Belgium, Kaneka Belgium, Kuraray-Eval Europe, Lanxess, Nippon Gases Belgium, Nippon Shokubai Europe, NLMK Belgium, Nyrstar Belgium, Oleon, Proximus, Sol, Tessenderlo Group, Thy-Marcinelle, Total Petrochemicals & Refining, Umicore, Unilin, Vynova en Yara). Samen vertegenwoordigen zij ruim 80% van het industriële verbruik van elektriciteit en aardgas in België en zo'n 230.000 industriële jobs.

Febeliec wants to reiterate that it, after the first version of the study and its comments on this topic, remains very negatively surprised and disappointed that Elia considers BRPs only to cover 50% of their obligation instead of 100%, especially while it mostly consists of unplanned but predictable events, with a “worst case scenario” where BRPs cover only 35% or one third of their obligation and also a “best case scenario” where they merely cover 65% or two thirds of their contractual obligation as a BRP. Febeliec finds this a very clear example of an over-cautious approach by Elia, which leads to a higher need for balancing reserves, at the cost of consumers, as this almost automatically tends to lead to violations and thus additional (costly) measures. Febeliec finds this approach unacceptable.