

Febeliec answer to the Elia consultation on the baseline methodology assessment

Febeliec would like to thank Elia for this consultation on the baseline methodology assessment. Febeliec found the extensive overview of different baseline methodologies interesting and instructive. From a high level perspective, for Febeliec it is important that baselines do not form an entry barrier for participation in any products, be it balancing or day ahead and intraday markets (in relation with ToE), for any types of assets or flexibility, while at the same time safeguarding that all parties are correctly remunerated for their services and avoiding gaming or opening the door for any market manipulation or abuse in general.

For Febeliec avoiding as much as possible any manipulation is a condition sine qua non, as this is the only way to guarantee trust from all participants in market functioning. However, it should be avoided that this point creates a strong entry barrier (e.g. because baselines need to be submitted long in advance, before market fundamentals are known) and potentially would hamper market players reactions to market price signals. Febeliec nevertheless understands that this combination of goals leads to trade-offs, a.o. because baselines still need to be workable and should not be overly complex. Febeliec is thus interested to get a better view on which mitigating measures could be taken to avoid market manipulation (e.g. ex post controls or checks), which would allow the application of innovative and flexible baseline methodologies and allow market participants to propose their own baselines yet at the same time safeguarding against manipulation to the detriment of trust in the overall system.

Febeliec is of the impression that an ex ante opening towards flexible application of different baselines with an ex post validation of the absence of deliberate manipulation (and corresponding punitive actions in case such manipulation is discovered) could be an interesting approach to strike a good balance regarding the trade-offs that need to be considered. Febeliec is also particularly interested in the possibility or facilitation of value stacking, as Febeliec wants to avoid that baseline methodologies would create an entry barrier for market players to participate in several markets at the same time (of course with correct allocation between those markets), as the opposite would lead to less efficient markets. Febeliec believes that this criterion merits a higher relevance in the analysis and in any case baseline methodologies that go against value stacking should be avoided as much as possible or mitigation measures should be implemented.

Febeliec represents industrial energy consumers in Belgium. It strives for competitive prices for electricity and natural gas for industrial activities in Belgium, and for an increased security of energy supply. Febeliec has as members 5 business associations (Chemistry and life sciences, Glass, pulp & paper and cardboard, Mining, Textiles and wood processing, Brick) and 38 companies (Air Liquide, Air Products, Aperam, ArcelorMittal, Arlanxco Belgium, 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, Kronos, Lanxess, Nippon Gases Belgium, Nippon Shokubai Europe, NLMK Belgium, Nyrstar Belgium, Oleon, Proxiums, Recticel, Sol, Tessenderlo Group, Thy-Marcinelle, Total Petrochemicals & Refining, UCB Pharma, Umicore, Unilin, Vynova and Yara). Together they represent over 80% of industrial electricity and natural gas consumption in Belgium and some 230.000 industrial jobs.