

Urgent need for an energy policy for industry

Febeliec memorandum – elections 2014

Press release - Brussels, 7 October 2013. Energy policy and industrial policy are intricately linked. If European and Belgian authorities want to do something to stimulate industrial revival, they will have to lead a more coherent, dynamic and efficient energy policy. For Febeliec, priority in Belgium must be given to competitive prices through the introduction of an energy standard, to bringing taxes on energy consumption into line with our neighbour countries and to creating a climate that stimulates investments in capacity that can offer security of supply.

Urgent need for an energy standard

Absolute priority for the next federal and regional governments must go to reducing energy costs for industrial users. Febeliec suggests to introduce an energy standard, by analogy with the wage standard. An independent authority should therefore monitor price evolutions of electricity and natural gas in Belgium and Germany, France and the Netherlands, including grid costs and taxes, and suggest measures if Belgian prices hit the roof. The energy standard should moreover clearly specify in which delay these measures should be implemented.

Cost reduction for industry for offshore in the 2nd half of 2013 is certainly a step in the right direction. Febeliec insists, however, on an urgent renewal of this measure for the future, in order to increase visibility in the evolution of the electricity cost and in order to improve investment climate for industrial investments in our country.

Drawback of the green success story

In the three regions of our country, very rapid progress was made in developing green electricity produced from renewable energy sources these last few years. The results are impressive and exceed most expectations of a few years ago. For Febeliec, however, surcharges for financing renewables cannot exceed their cost in our neighbouring countries.

- In Flanders, the cost of subsidies for green electricity in 2012 amounted to 1 billion euros at the expense of Flemish electricity consumers. The total value of the energy supplied amounted to some 2,5 billion euros. 13% of total consumption was produced by green electricity, but we paid an extra cost for it of 40% compared to the market value.
- In Wallonia, the rapid development of solar energy and other renewable energy sources severely disrupted the certificates' system. The minimum subsidy that compensates Elia for buying in certificates has therefore exploded the last few months to levels unacceptable for industrial users on the distribution grid or local transport grid. Febeliec asks for the 7/02/2013 agreement in the Walloon government in view of degressivity of this surcharge to be immediately administered.
- Wind and solar plants lead to grid fluctuations and must be balanced by Elia at an ever increasing cost; moreover, they increase the risk of energy interruptions.
- Priority on the grid is given to green electricity, which means less production hours for classic, mainly gas-fired plants, which in turn have a decreased earning power and thus ask for subsidy measures.

Febeliec is open to any technology, but asks for a consistent policy based on a balanced security of supply, competitiveness and impact on environment. Febeliec suggests a plan in 10 steps, which aims a.o. for European market integration, for more and better cross-border connections and for eased access of demand response to the market, without additional market disturbances and oriented towards further market integration.

Febeliec also asks special attention be paid to the competitive position of gas consuming industry in Belgium and Europe. The federal levy on natural gas needs to be made degressive and capped, and European gas market functioning should be improved.

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