

Febeliec answer to the Elia consultation on the request for derogation of the principle of substantial modernization

Febeliec would like to thank Elia for this consultation on the request for derogation of the principle of substantial modernization for existing units connected at a voltage level of 110kV or above and with an installed capacity below 25MW.

Febeliec completely agrees with the argumentation provided by Elia as the foundation for this derogation request as well as the cost-benefit analysis. Febeliec indeed strongly agrees that the high costs related to the application of the principle of substantial modernization to the units in scope of this request for derogation are not at all warranted by the very limited benefits such application would bring to the system and as such completely supports the derogation request. Febeliec also takes note of the very limited impact such units would have, based on the data provided by Elia on their installed capacity, which indeed strongly supports the case for this derogation request as their impact would be marginal on an aggregated level, yet the individual impact could be more than substantial. Febeliec thus most strongly supports the derogation request by Elia. Febeliec also most strongly supports the intermediary suspension proposed by Elia of the application of substantial modernization to the units in scope until a decision by the regulatory authority.

Febeliec has some additional comments:

- Febeliec wants to stress that the concept of substantial modernization as described in the EU NC RfG is only applicable to units of type C and D. Febeliec strongly asks that the scope in Belgium is not unilaterally expanded to also include type A and B, as this would not bring any significant benefits and comes as shown in the analysis with potentially high costs. Febeliec insists that the scope of significant modernization is limited to type C and D.
- Febeliec also asks that the proposed derogation is granted for those units with a capacity between 25 and 75 MW connected above 110kV, as these units would be considered type C and not D if they were connected at a voltage level below 110kV. As such, Febeliec considers that not including those units in the scope of this derogation leads to a differentiated approach for any units between 25 and 75 MW and this solely based on the voltage level of their connection point and finds this approach arbitrary and not necessarily good from a system perspective as this will lead to less standardization for such units and thus unnecessary and avoidable higher system costs.
- Febeliec regrets that the derogation request covers only the period till July 9th2024. Especially for (after derogation) type A but also for type B units, the analysis by Elia shows their extremely marginal system impact. In order to avoid repeating this exercise to frequently, with each time an additional burden in time and resources for all involved parties, Febeliec insists that the period for granting this derogation is substantially extended to at least ten years (but preferably even more, especially in the case of type A units after derogation). While Febeliec understands that this proposal is based on the duration of the existing derogation for new PGMs, Febeliec would rather argue that this indicates that the derogation requests for the new units should be extended rather than the derogation for existing units shortened. In any case, Febeliec, as also indicated during the consultation on the derogation for new PGMs, would also apply the above argumentation for those units and thus an extension of a derogation beyond a five year period and this to avoid undue and avoidable inefficiencies.