

Febeliec answer to the CREG consultation on the project of decision (PRD)658E/79 on the discretionary incentives for Elia for 2023

Febeliec would like to thank the CREG for this public consultation (PRD)658E/79 on the proposal of decision concerning the objectives for Elia in 2023 in the framework of the discretionary incentives of the CREG.

Concerning incentive schemes for Elia, Febeliec would like to reiterate its position that in principle it is not in favour of such schemes, but that from a pragmatic point of view and in light of the results of the previous years, it can accept such incentive schemes insofar the goals are clearly measurable, have as goal to increase the efficiency and reduce the total system costs, and do not fall under the normal day-to-day activities of the TSO. Moreover, for Febeliec it is very important that under any such incentive schemes the CREG is very strict in controlling that the objectives are completely attained within the requested timeframe. Concerning this latter point, Febeliec would like to draw the attention of the CREG towards the issue that could arise when Elia does not reach the objective within the required timeframe. This could lead to a situation where Elia does not provide any attention anymore to the objective, as the incentive would in any case be unattainable. Febeliec wonders whether CREG has considered this and has a solution in place in case this situation occurs, in order to avoid that certain objectives that were selected but not attained in time would not be attained at all.

Moreover, Febeliec asks CREG to publish a clear report on the incentive schemes of the previous year(s), showing to which extent Elia has reached its objectives and which incentives were awarded, as such transparency would help stakeholders to get a better view on the past evolutions, but also on which objectives should be included in following years.

Concerning the incentives for 2023, Febeliec as a general comment regrets that all proposed objectives only involve studies, and that no concrete tangible objectives are taken into account that would more directly benefit the grid users. On the proposed objectives, Febeliec has following comments:

- On the evaluation of the modalities of prequalification, monitoring and penalties for the mFRR and aFRR services, Febeliec supports this incentive as it considers the current approach too conservative and thus a barrier to entry for new participants and for switching between FSPs. Febeliec considers it important for this incentive to have a thorough interaction with market parties in order to ensure that all relevant topics are duly tackled.
- On the study on the evolution of the correction of the BRP perimeter in case of activation of mFRR or redispatching bids, Febeliec supports the proposed incentive.
- On the proposed review and recommendations for design optimisations for the MVar service, Febeliec supports this incentive and insists on a very thorough interaction with market parties in order to ensure that all relevant topics are duly tackled.
- On the maps for the accommodation capacity for the connection of production, demand and storage, Febeliec does not agree with the proposed incentive. While Febeliec is convinced of the importance and relevance of such developments, it strongly opposes to put this in an incentive scheme as it considers this to be a core task and as such an essential part of the normal operations of a system operator and thus not eligible for an additional incentive. Febeliec thus supports the development of the proposed maps but opposes the inclusion in the incentive scheme.
- On the CBA on requirements for generators applicable on existing and new generating units between 1 and 25 MW, Febeliec does not oppose this incentive although it considers it borderline to include it in an incentive scheme as it considers such CBA to be part of the normal operations of a system operator and as such not eligible for an additional incentive. However, as a retro-active application of more stringent requirements to these generating units is a very impacting elements, with in some cases presumably very important cost increases for already existing facilities, Febeliec will not strongly oppose the incentive insofar a very complete analysis is conducted of all the relevant elements, in particular the aforementioned costs which could erode completely historic business cases and investment decisions. Especially as Elia is continuously indicating potential issues for security of supply, a.o. in its continuous drive for additional volumes within the Belgian CRM, Febeliec wants to clearly understand what the impact would be of the retroactive application of more

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, Arlanxeo 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.

stringent requirements on security of supply in Belgium, in case existing facilities cannot comply and compliance would lead to a negative business case. Febeliec in this context would then also like to see what could be the potential cost implications, including the cost impact through the CRM and other support schemes.

- On the rejected incentive on a solution for ToE applicable to aFRR through the application of the exchange of energy blocks, Febeliec indeed wonders to which extent this should be part of an incentive scheme, which does however not imply a rejection by Febeliec of the possible use of such ToE scheme.
- Concerning the prediction of deterministic frequency deviations and the contribution of Elia to this European issue, Febeliec can support the proposed incentive insofar the scope clearly entails an open mind and out-of-the-box approach in order to ensure that no unnecessary costs are added to consumers bills. Moreover, Febeliec considers the proposed amount of the incentive maybe excessive.

Febeliec would like to include an additional incentive for Elia (which would also mean recalibrating the amounts for the listed incentives, especially for those that Febeliec considers to be part of the core tasks of the TSO) concerning an extension of the 2022 incentive on the combination of different services (e.g. balancing) on the same connection point (the so-called combo), where Febeliec has understood that Elia will in 2022 not investigate such combo for underlying service delivery points, while Febeliec considers this an interesting element to investigate in order to ensure that as many barriers as possible towards the valorisation of flexibility are removed.