

FEBELIEC

Press Conference

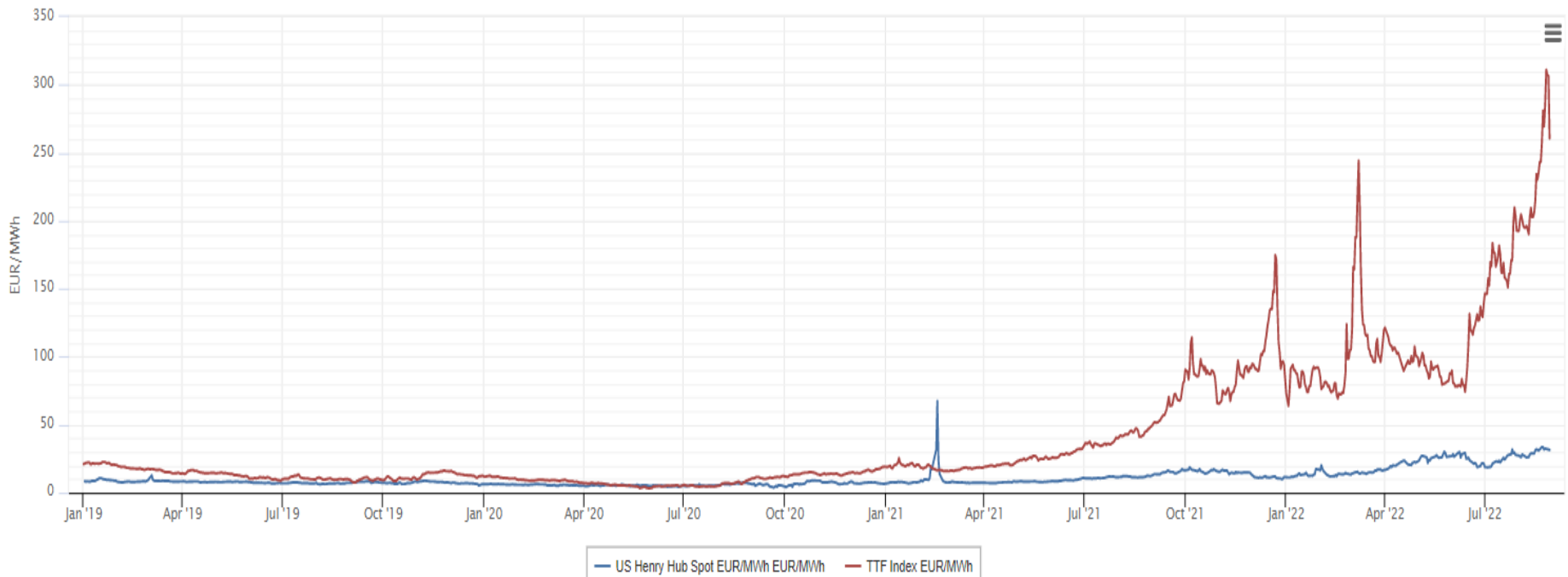
31/8/2022



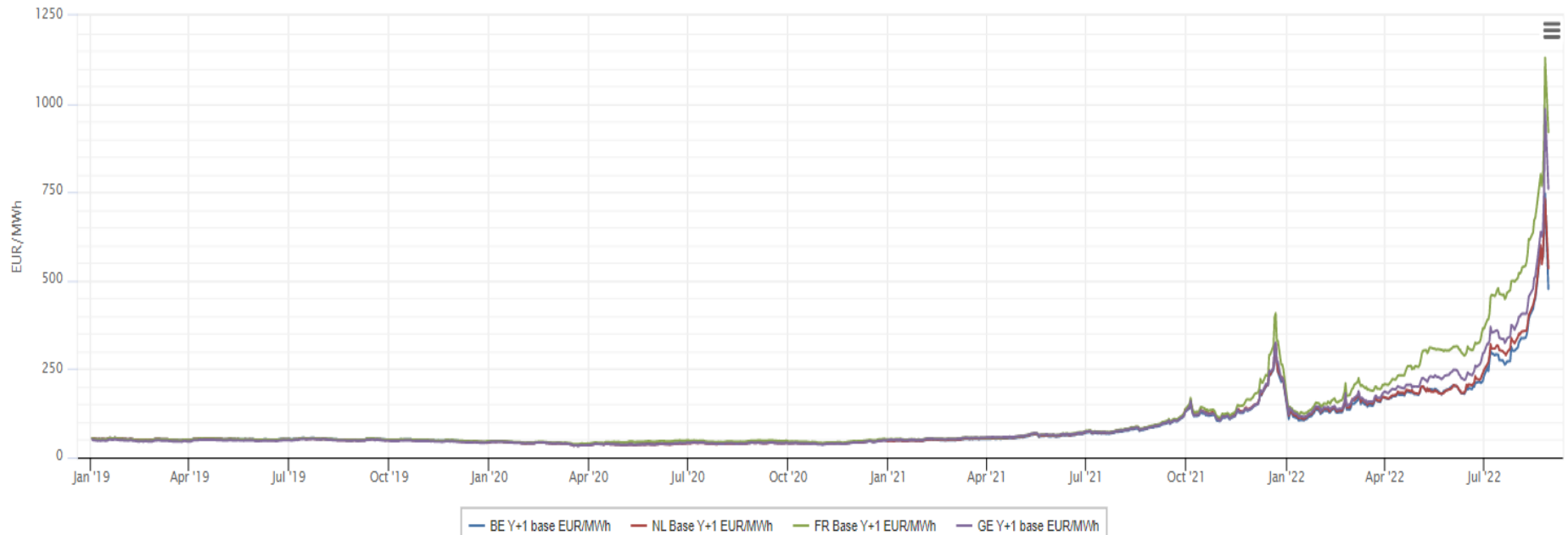
**Febeliec represents
the industrial consumers
of electricity and natural gas
in Belgium**

Gas prices 2019-2022

- Excessive growth since spring 2021, exponential since July 2022
- Dramatic fall in Russian exports, concerns on security of supply in several countries
- Historic highs – 300+ €/MWh
- 10x level of US and other parts of the world



- Price follows gas as gas plants usually deliver the marginal electricity unit
- Historic highs – baseload 500+ €/MWh
- Concerns on security of supply in several countries (F, D, ...)



- Speed of impact depends on contract / hedging strategy
 - Fixed price vs. variable (indexed) price
 - Renewal date

- Level of impact depends on:
 - Energy intensity (energy in top-3 of costs for most industries)
 - Capacity to pass-through cost to customers
 - Exposure to global competition (price taker vs. price maker)

- Situation worsened by
 - Increasing other costs (raw materials, intermediary products, services, wages, ...)
 - Logistics issues post-covid and war in Ukraine

Exceptional circumstances require urgency measures

- Temporary reduction / stop of activities in Belgium / Europe

- Disturbance of logistics chains

- If prices stay high for several years
 - Structural damage to industrial tissue
 - Impact on investments, trade balance, jobs, GDP, wealth

1. Gas prices need to come down

- Gas producers book excessive war profits
- Current gas prices → impoverishment of Europe (B: +/-45bn €/y)
- Negotiate lower (maximum) prices, if necessary against long term contracts...

2. Electricity markets reform (preferably at EU level)

- Lower gas prices → lower electricity prices (marginal pricing)
- Excessive profits for some producers (nuclear, renewables, ...)
- Possible correction for excessive prices
 - Price cap for gas (Spain/Portugal)
 - Tax and re-distribute excessive profits
- Review forward market functioning and CRM mechanisms

3. CO₂ market

- CO₂ price close to 100€/ton → 40€/ MWh on top of power price whenever a gas powered plant is marginal
- European Commission has to release emission rights from Market Stability Reserve to bring down electricity price
- Compensation for indirect emissions for all concerned sectors

4. Taxes and transmission tariffs

- Reduce taxes where possible
- Bring electricity transmission tariffs in line with NL, F, D

5. Temporary Crisis Framework

- Apply state aid measures as allowed by the Commission

More info ?

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