

## Febeliec answer to the Elia consultation on its innovation strategy

Febeliec would like to thank Elia for the consultation on its innovation strategy. Febeliec of course supports innovation and research, as it can deliver new insights, processes, methodologies, technologies, .... Nevertheless, as innovation comes at a cost, it is important to ensure that an innovation strategy aims at efficiency and (cost-)effectiveness, especially for a regulated monopoly where (accepted) costs are automatically covered, without any inherent drive for efficiency as would be the case for a regular company. Moreover, Febeliec is already very concerned by the magnitude of investments Elia foresees in the next tariff period 2024-2027. Febeliec thus in principle believes that Elia (and other public grid operators) should prioritize their research and development regarding innovation on no-regret avenues, based on a solid cost / benefit analysis clearly showing the positive impact for the Belgian consumers and grid users as a whole. Febeliec considers it essential that Elia's innovation strategy is accompanied by a performance plan to monitor the economic, financial and operational performance of the projects, focusing on their societal benefits and their (hopefully positive) (e.g. in terms of expected reduction of electricity prices, reduction of system costs, reduction of CO2 emissions, etc.). Moreover, any benefits realised by the TSO thanks to innovation and knowhow financed by its Belgian grid users, should lead to a fair return to the latter.

Regarding the document on the innovation strategy of Elia, it is important that innovation is conducted in an open and flexible way, focusing on technology-neutrality (as recent events have shown that even fundamental shifts can occur in a very short timeframe), cost-effectiveness, efficiency, and so on, while also keeping in mind operational and financial benefits and returns for the Belgian grid users. While Febeliec underwrites the government targets towards carbon-neutrality in 2050 and the government's commitment to the energy transition, which Elia groups in four "megatrends", Febeliec is of the opinion that the targets should be set by a legal and regulatory framework. Such targets can then be translated, amongst others by Elia, in specific roadmaps regarding innovation, keeping in mind all components of the energy trilemma as well as the scope to be covered by Elia. Moreover, and as also referred to above, Febeliec considers it vital that any innovation developments made at the expense of Belgian grid users should be leveraged as much as possible to the benefit of Belgian grid users in order to minimize as much as possible their impact on grid tariffs. In any case, Febeliec insists that Elia's focus remains on its core business of maintaining and developing a secure and reliable grid and guaranteeing residual balancing of this grid.

On the strategic innovation domains identified by Elia, Febeliec wants in general to refer to the central role of a strong regulator, as the areas of exploration are only described very summarily and can thus not be reflected upon in detail. This is in particular the case for the "moonshots" referred to by Elia, which are only described in the highest overall level, if at all. Moreover, Febeliec considers for example the development of tools, technologies, processes, ... for unlocking valorization of flexibility a key element for better market functioning in all markets. However, it should be questioned to what extent such innovation and developments should be conducted by the TSO and not by other (market) actors. Furthermore, Febeliec provides below some examples (non-exhaustively) on areas where it is at this point difficult to provide a clear position regarding Elia's innovation strategy and whether these should be covered by the perimeter of a regulated TSO monopolist:

- Remote and real-time monitoring and inspection, in particular referring to unmanned solutions and space-based monitoring
- Digital twins and building information modelling
- AC/DC hybrid systems
- Development of energy communities and a peer-to-peer market
- Micro-payment solutions
- Granular certification of green consumption
- Data and connectivity of end-users, in particular development of IoT, data hubs for cross-sector information, decentralized data verification processes
- Accelerate sector coupling
- Personal online data storages (Pods)

Febeliec also regrets that Elia's innovation strategy contains no information whatsoever regarding budgets or expected benefits.

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*Febeliec represents corporate energy consumers in Belgium for whom energy is a significant component of production costs and a key factor of competitiveness. Febeliec strives for competitive prices for electricity and natural gas for its members, and for more security of energy supply in the context of the energy transition. Febeliec's members are 5 sector federations and more than 40 companies from various sectors (chemistry and life sciences, petroleum products, glass, pulp & paper and cardboard, mining, textiles and wood processing, brick, non-ferrous metals, steel, transportation, construction materials, data centers, telecommunications). Together they represent some 80% of industrial electricity and natural gas consumption in Belgium and 225.000 jobs ([www.febeliec.be](http://www.febeliec.be)).*

Febeliec invites Elia but also CREG, to take these elements into consideration when deciding on the best focus avenues, in order to achieve the societal most cost efficient and effective innovation strategy.