

Position Paper: *Security of Supply of energy*

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Description

Security of energy supply is the potential of the energy system to bring at any time supply and demand into balance. In Belgium security of energy supply is a competence by the federal government. For more information, see [Energiebeveerzorgingszekerheid | FOD Economie \(fgov.be\)](#) and [Sécurité d'approvisionnement en énergie | SPF Economie \(fgov.be\)](#).

Objectives of Febeliec

Guaranteeing the supply of energy exceeds the responsibility of the business community and is therefore mainly a task for the authorities. An efficient market functioning, with a competitive environment where producers and suppliers do everything possible to supply their customers in time and in a correct way, is indeed an excellent guarantee (and maybe even the best) for security of supply, but most energy markets are unfortunately not organized that efficiently.

In some countries, the authorities control natural resources, or are even the owner of energy companies. Lots of governments and parliaments impose restrictions on the fuel mix: choice between renewable energy sources and fossil fuels, geographical origin of some primary energy sources, rejection or discouragement of nuclear energy, ...

Febeliec strives for the following objectives in this area:

- in general, an efficient and competitive market is a good guarantee for security of supply, both for each form of primary energy as for the intermediate vector “electricity”;
- when competition is not possible, for example when the primary energy source belongs to a monopoly or an oligopoly, the authorities must play an important role in order to guarantee that primary energy is available at affordable prices, for example by creating a favorable investment climate for investors in the energy sector, by running a license policy which stimulates new investments in production or transport, by running a transparent and consistent energy policy that strongly increases the visibility on the (medium) long term for the potential investor;
- the authorities (at European and/or Belgian level) must guarantee the security of supply of primary energy in the long term (often less market-based). They must therefore have an eye for a balanced diversification of supply, both at the geographical level and at the level of the various primary energy sources, by striving for a delicate and economically, socially and scientifically balanced equilibrium. They must also, where needed, stimulate adequate deals with producers of primary energy. They must also, where needed, give the right investment signals to potential investors, because investments in the energy sector must be planned long beforehand and often take up many years of time.
- The above mentioned principles apply also to electricity, where the authorities
 - o must stimulate a fuel mix which is compatible with the evolution of the reserves of primary energy, without a priori excluding any kind of technology;
 - o must follow up the alignment between production capacity and peak consumption, and this for a sufficiently long term (at least 10 years);
 - o must publish a realistic estimation of the needs of capacity of the plants, and this according to their use (base, peak, ...) and their primary energy sources;
 - o if the market does not adapt correctly and in time to the needs, an adjustment procedure must be put into place, which must guarantee the necessary investments to secure the balance between demand and offer in electricity. In this context, Febeliec is not in favor of a capacity market mechanism; such a system would come on top of the liberalized electricity market by putting into place a tender procedure requiring the payment of an annual fee on the “capacity market”; such a mechanism could strongly increase the overall price of electricity. Febeliec asks that the authorities would give some aid to new arrivals on the production market who invest or bring about investments in new plants that meet these needs. This aid would compensate for the risks which the new arrival, who has only one plant in the regulatory zone, is confronted with.

- as regards the regulated transport and distribution grids of electricity and gas, investments must also be planned, for a term of at least 10 years, taking into account both the national needs and the optimization at European level;
- last but not least, Febeliec insists on the necessary efforts regarding research and development into new energy sources, energy vectors, energy-efficiency and opportunities for transport and storage of energy; in the medium term, the transition from fossil fuels to other energy sources is indeed inevitable, a revolution for which we are, technologically speaking, not yet ready