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# Febeliec answer to the CREG consultation (PRD)2743 on the investment thresholds, criteria for investment costs and classification of capacities in the framework of the CRM

Febeliec would like to thank CREG for its consultation on the investment thresholds, criteria for investment costs and classification of capacities in the framework of the CRM.

Regarding the classification method, Febeliec wonders why for existing capacities the number of categories is limited to 1 year and 8 year, with the omission of 3 years and 15 years which also exist for new capacities. While Febeliec could understand that investments in existing capacity requiring support for 15 years due to a high investment amount and depreciation period might not be very likely, it does not understand such approach for the 3 year category. This implies that support will either only be granted for 1 year or directly for 8 years, even though that might not be required. Febeliec takes note of the limitation for the maximal contract duration linked to the depreciation and amortization period of the asset, which could limit it to a time period shorter than 8 years, but only insofar this element would be present. Febeliec also takes note that the standard amortization period is fixed at 5 years, as described in the consulted document, yet this period is not in line with any of the proposed periods.

Regarding the costs that can be taken into account for the investment thresholds, Febeliec remains very strongly opposed to the proposal to not take into account those costs for the increase of production or storage of goods other than electricity as well as any other investment for which the primary goal is not offering electrical capacity to the Belgian electric system (as such explicitly mentioned in the consulted document), as this introduces at bare minimum a barrier for participation for demand side response and in its most stringent application a discrimination regarding eligible costs with respect to other assets. This comment also applies, and has many times been made, regarding new capacities and is as such not limited to only the scope of existing capacities. Costs for generation capacity or batteries are completely eligible, but investments in demand side response, by for example adding buffers in the processes, storing (intermediary) goods, investing in the extension of production capacity so to be more flexible with the production levels and thus mimicking the behavior of batteries, adding control equipment and so on, are excluded, thus in effect making participation to the CRM of demand side response even more difficult than it already is today due to other barriers. Febeliec cannot accept the very narrow scope which is defined, both for existing and new capacities, and insists for the sake of non-discrimination and a level playing field to either allow investments in demand side response to be included or all such investments to be ineligible for all technologies. Febeliec understands that the inclusion of such investment costs as eligible costs could have an impact, but believes that through increased competition in the framework of the CRM as well as the application of a merit order approach this effect should to a large extent, if not completely, be mitigated. Febeliec in any cases strongly opposes for all technologies the application of double subsidies, which is to be covered in the framework of eligible investment costs.

*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).*