



Benchmarking study of electricity prices between Belgium and neighboring countries

Press conference

27 March 2024



Objectives and scope of the benchmarking study

The **primary objective of the study that Febeliec requested from Deloitte** is to obtain an overview of possible **price differences for electricity** purchased on the electricity market by major industrial consumers in Belgium, such as the members of Febeliec, as compared to their peers in France, the Netherlands and Germany.

- The **primary focus** is on **relative price differences** that exist on the market for Febeliec member profiles using identical, simplified, standardized, load (baseload and peak load) and volume profiles (ranging from 100 GWh to 1000 GWh).
- The peak load profile refers to industrial consumers procuring electricity during peak hours (i.e. from 8h to 20h). The baseload profile corresponds to industrial consumers purchasing a constant level of electricity necessary for continuous operations.
- The **study covers** the actual prices for electricity that can be purchased in the relevant electricity markets in the **period 2022, 2023 and 2024** based on existing legislation and policies.

Benchmark methodology

The relevant electricity price components used in this study are based solely on public data sources.

Market price:

Market prices are **based on electricity market quotations** (using appropriate combinations of spot and forward prices) to obtain objective data that is comparable over the different Febeliec members.

This pricing approach neutralizes the impact of:

- Different sourcing and hedging strategies
- Historical long term sourcing contracts concluded under different market conditions

Network costs:

Network costs are regulated tariffs applied by the transmission grid operators (TSOs) for the transport of electricity over the transmission network (excluding distribution).

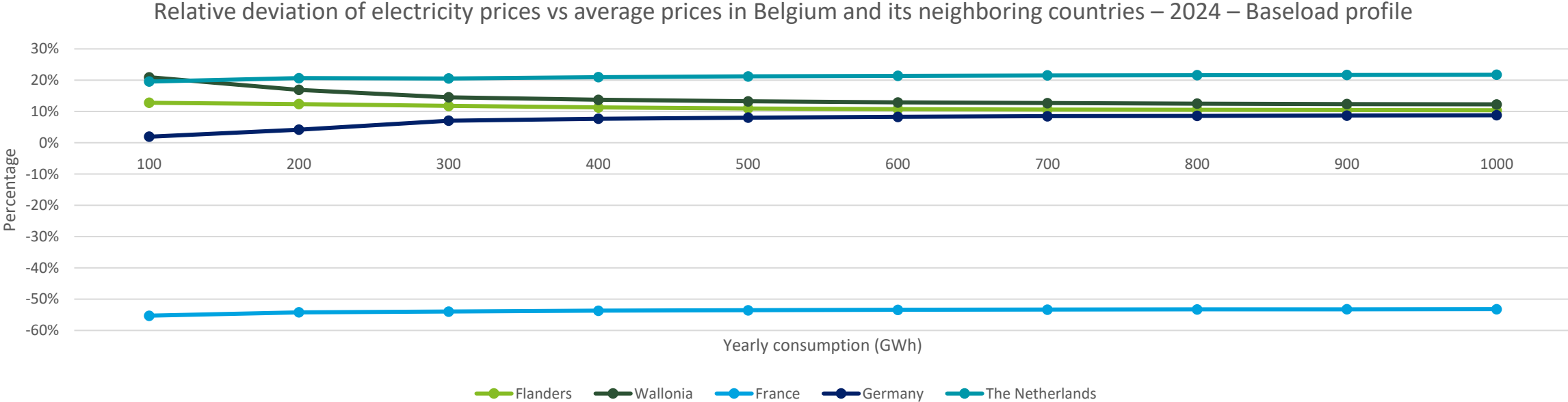
Electricity taxes:

Represent all taxes and other levies that are to be paid on top of the market price and network costs in the different jurisdictions. All countries and regions in this study apply hardship regimes for different electricity surcharges and taxes for specific activities and/or offtake volumes. The different countries and regions apply various rules and criteria, though in most cases the European EEAG (Guidelines on State aid for environmental protection and energy) apply in order to avoid illegal state aid and/or distortion of competition.

In this study, it is assumed that consumers are rational and benefit from the maximum possible exemptions for qualified industrial activities. This does not exclude that specific (categories of) consumers benefit either from higher exemptions (e.g. very high energy-intensive activities or specific activity sectors) or from lower exemptions (e.g. consumers in specific activity sectors).

Benchmark all-in electricity prices

Baseload profile



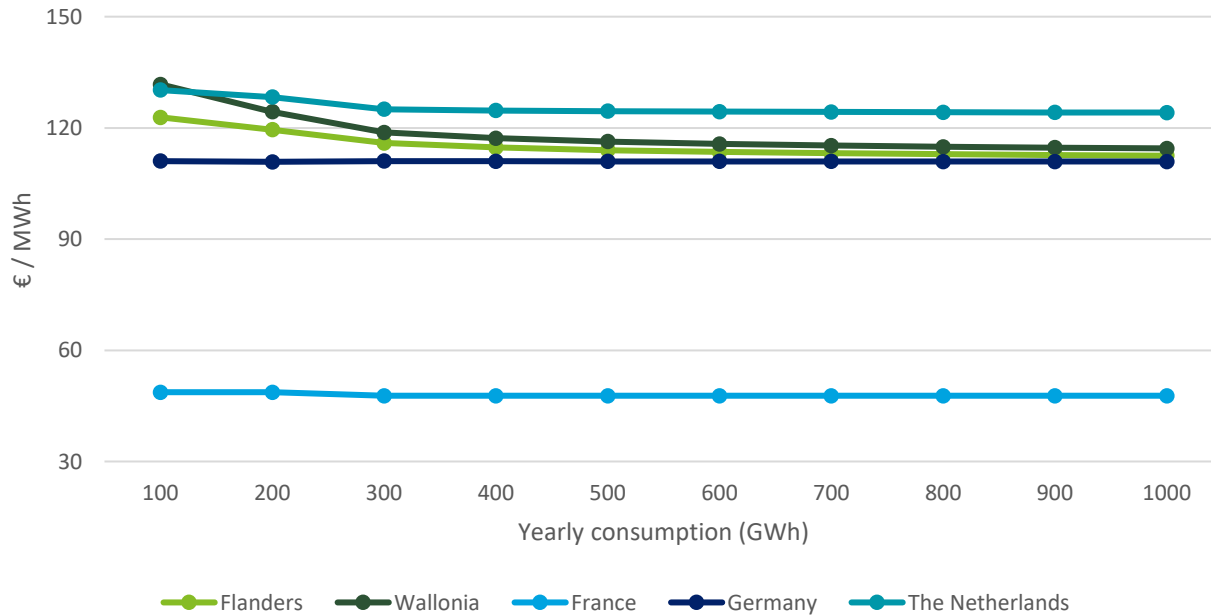
Large industrial baseload consumers are facing higher all-in prices for electricity purchased in the Netherlands versus those in neighboring countries for all profiles, except for 100 GWh.

In Flanders, results show a difference in electricity price of approximately **11€/MWh (+10%)** for a 1000 GWh industrial consumer and up to **14€/MWh (+13%)** for a 100 GWh industrial consumer compared to the average of the electricity prices of all countries in scope of the study. In Wallonia, we see differences of approximately **13€/MWh (+12%)** for a 1000 GWh industrial consumer and up to **23€/MWh (+21%)** for a 100 GWh industrial consumer compared to the average of the electricity prices of all countries in scope of the study.

Benchmark all-in electricity prices

Baseload profile

All-in electricity prices – 2024 – Baseload profile



Total all-in prices for electricity range between:

- **49 €/MWh** in France (100 GWh)
- **123€/MWh** in Flanders (100 GWh)
- **132€/MWh** in Wallonia (100 GWh)

The study reveals that, compared to the average of all countries in scope of the study, prices for industrial consumers are higher in Flanders and Wallonia:

- between **11 to 14€/MWh** in Flanders and
- between **13 to 23€/MWh** in Wallonia

For a 100 GWh baseload consumer this represents an annual electricity cost difference of:

- **1,39 million €** in Flanders and
- **2,28 million €** in Wallonia

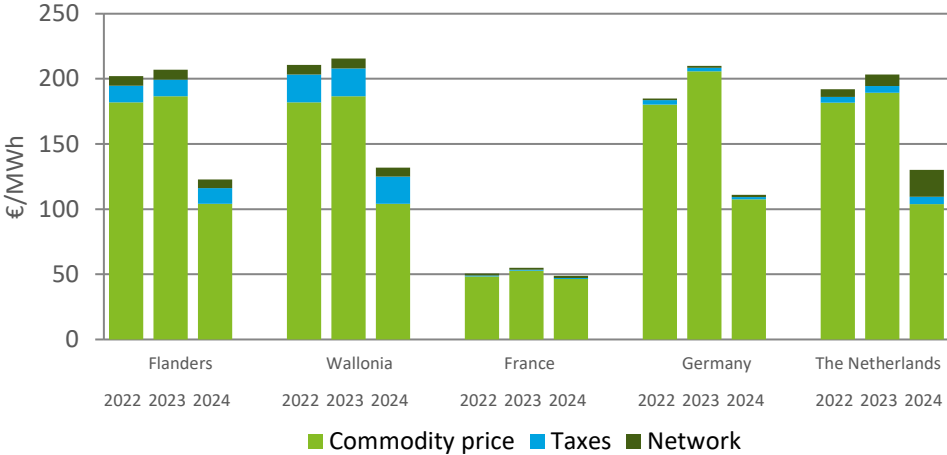
For a 1000 GWh baseload consumer this represents an annual electricity cost difference of:

- **10,58 million €** in Flanders and
- **12,50 million €** in Wallonia

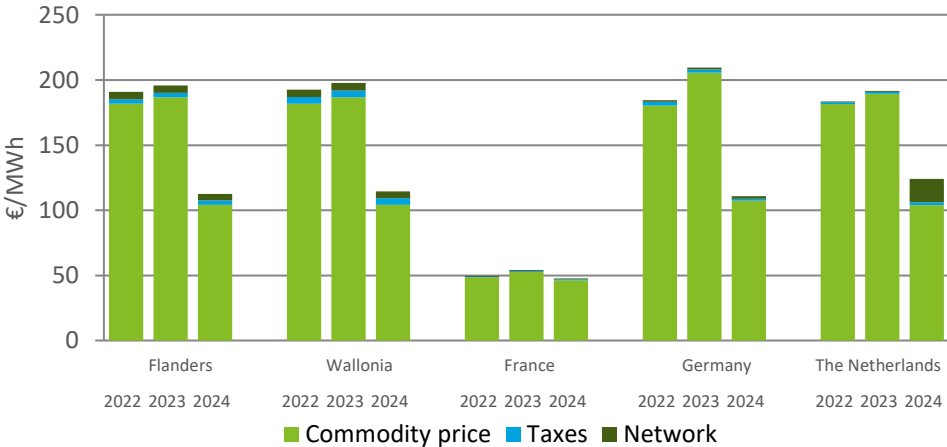
Benchmark all-in electricity prices

Baseload profile

All-in electricity prices for Baseload profiles (100 GWh)



All-in electricity prices for Baseload profiles (1000 GWh)



The all-in electricity prices have decreased in Belgium in 2024 compared to 2023, which is the case for all countries in scope. For Flanders and Wallonia, we see a decrease in the all-in electricity prices of **41%** and **39%** respectively for a **100 GWh** profile, and **43%** and **42%** respectively for a **1000 GWh** profile.

This decrease is primarily explained by a decreasing commodity cost (**-44%**). Network costs have also decreased (**-10%** for a **100 GWh** profile, **-13%** for a **1000 GWh** profile), both in Flanders and in Wallonia. For **100 GWh** profiles, we see a slight decrease in taxes compared to last year of about **7%** for Flanders and about **2%** for Wallonia. For **1000 GWh** profiles, there is a decrease in taxes of around **3%** for Flanders and an increase of **1%** for Wallonia.

The all-in electricity prices for baseload profiles in Belgium have decreased in 2024 and are relatively on par with the neighboring countries, apart from France. In specific, all-in electricity prices in Flanders and in Wallonia are lower than in the Netherlands and higher than in Germany. All-in prices in France are lower than half of the average of the rest of countries in scope. The observed price difference with the other countries is essentially driven by a combination of the following elements:

- **Higher electricity taxes** in Flanders and Wallonia compared to the neighboring countries.
- **Important discounts on network costs in France and in Germany** of up to 90% of the standard tariffs for certain consumption profiles. Notably, discounts on transmission costs in the Netherlands have been abolished in 2024. More details can be found in the appendix to this report.
- Large **commodity price** differences are observed between France and the other countries in scope.



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