

Subject: FEBEG's position regarding the public consultation on the scenarios, sensitivities and data for the CRM parameter calculation for Y-1, Y-2 and Y-4 Auctions in 2026

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## Overall remarks

Please find hereafter the comments of FEBEG on ELIA's Public consultation on the scenarios, sensitivities and data for the CRM parameter calculation for the Y-1 Auction for Delivery Period 2026-2027, the Y-2 Auction for Delivery Period 2027-28 and the Y-4 Auction for Delivery Period 2029-2030<sup>1</sup>.

FEBEG welcomes this consultation and would like to thank ELIA for creating this opportunity for all stakeholders to express their comments and suggestions.

We welcome that ELIA made a comparison between the data used for previous auctions (Y-1 auction delivery year 2025-26 and Y-4 auction delivery 2028-29) compared to the different auctions planned in 2025 (Y-1 auction delivery 2026-27, Y-2 auction delivery year 2027-28 and Y-4 auction delivery 2029-30). Such comparison allows to better grasp the changes in figures considered between the different auctions. We would welcome that such comparison is added in the XLS sheet. Additionally, as a matter of information the actuals of these values would also be welcome. This information is useful in order to assess whether the hypotheses seem to be plausible or not.

The comments and suggestions of FEBEG are not confidential.

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<sup>1</sup> [https://www.elia.be/en/public-consultation/20240412\\_Public-consultation-on-the-scenarios-sensitivities-and-data](https://www.elia.be/en/public-consultation/20240412_Public-consultation-on-the-scenarios-sensitivities-and-data)

## Comments on the input data

### Regarding individually modelled thermal generation capacities

While we have no particular comments on the hypothesis put forward by ELIA regarding the thermal generation capacities, we would like to underline that **there is a need to maintain long-term visibility on the CO<sub>2</sub> emission's limits to participate in the CRM** in order to allow the asset owners to make possible investment decisions in time.

We also refer to the individual contributions of FEBEG's members on the matter.

Finally, FEBEG has highlighted on several occasions the importance for existing assets to remain in the market and their need to ensure the adequacy of the system in the coming years. Therefore the CRM mechanism needs to ensure a predictable investment climate and a level playing field for those capacities still expected to play an important role for the security of supply in the energy transition. We hope that the on-going adaptations of the legal and regulatory frame will be adapted to adequately address these issues and will increase the participation of existing units to the CRM in the future auctions. We invite the different authorities to also take the necessary action regarding the CO<sub>2</sub> emission's limits.

### Regarding batteries

FEBEG welcomes the split between large-scale batteries and small-scale batteries.

We however wonder to which extend the hypotheses regarding the split of *in-market* and *out-of-market* for small scale batteries are realistic and question the amount of *in-market* small-scale batteries.

It is also of importance to consider to which extend the announced large-scale battery projects will be realized and the timing for these projects. While important amounts of battery capacities are in the pipeline we note that the connection to the grid might be more challenging than initially anticipated (we also refer to the on-going discussions regarding flex access and the EOS/EDS processes). Elia should definitely make a double-check with the limited connection capacity for the battery projects & crosscheck the likeliness of the announced timings.

### Regarding renewables

FEBEG has no specific remarks on the data provided. However, it is important that Elia and the federal authorities double-check (political) ambitions with technical and economic feasibility and the NIMBY-effect (and in particular the delaying effects of the appeal procedures which should unfortunately not be underestimated).

It should furthermore be noted that, for the offshore wind growth ambitions, the execution of these projects will also depend on the timely execution of important infrastructure project. Experience has taught the sector that such large-scale projects will face the necessary challenges before they can be realized.

Regarding solar, it should also be considered that the usage of the important installation rate for PV over the last years might lead to an over-estimation of the installation rate for the future considering that recent installation have been augmented by temporary external effects (eg. the recent energy price crisis has surely resulted in an increase of PV-installation<sup>2</sup> as well as the rush to have PV-installed in Wallonia before 31/12/2023 in order to benefit of the advantages of counters that run backwards<sup>3</sup>)

### Regarding consumption

While on one hand some might put forward that the electricity consumption could be reduced due to the consequences of the high electricity prices and collateral effects of the war in Ukraine (demand destruction), we also witness a sharp acceleration of the energy transition with an increased rate for further electrification. FEBEG therefore strongly recommends ELIA to consider these evolutions in the determination of the demand (and associated peak demand).

- **Additional electrification from industry**

We note that Elia is currently working to improve its hypotheses on the volume and timing of the electrification in close collaboration with its customers and will update its assumptions regarding additional electrification from industry based on this. We remain very skeptical regarding the considered amount of flexibility for new the capacity needed by the electrification from industry and invite ELIA to crosscheck these elements with its customers as well (cf comment on DSR).

- **Organic demand**

ELIA does not provide the final total electricity consumption that will be used as it will be updated with the latest Climact calculations based on Plan Bureau economic estimates to be published in June 2024. We welcome that ELIA will present the results in the WG Adequacy of August. It is also important that ELIA gathers feedback from the stakeholders once these figures are known.

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<sup>2</sup> <https://www.vrt.be/vrtnws/fr/2023/01/18/la-crise-energetique-a-dope-les-panneaux-solaires-pres-de-100/>  
<https://www.renouvelle.be/fr/belgique-2023-record-installations-photovoltaiques/>

<sup>3</sup> <https://www.wallonie.be/fr/actualites/panneaux-photovoltaiques-fin-du-compteur-qui-tourne-lenvers>

## Demand-side response

Elia considers 3 main categories of demand-side response (DSR): DSR from existing usages, end-user flexibility (electric mobility, heating and residential batteries) and DSR volumes from newly electrified industry or new usages.

- **DSR from existing usages**

The capacity of this type of flexibility applicable in the reference scenarios of last year's calibration was calculated by E-Cube based on historical volumes. We note that an update of this study using the same methodology will be performed this year and that the results will be presented during the WG Adequacy of August.

As mentioned in previous consultations, FEBEG is convinced that the Demand Side Response will play an increasing important role for the security of supply in the coming years; however, the proposed 'existing' value remains very high in our opinion. It should also be assessed if the historical and expected volumes will still be present.

- **End-user flexibility**

FEBEG is convinced that end-user flexibility will have a pivotal role for the security of supply in the future, however unlocking the end-user flexibility will require adaptations and implementations of new platforms and tools which will take time. We fear that these implementations will cause delays and that the end-user flexibility will only materialize at a later stage and that ELIA is too optimistic on availability of end-user flexibility in short time.

- **DSR volumes from newly electrified industry or new usages**

We understand that Elia is currently working on updated capacity assumptions regarding the flexibility associated with the electrification assumptions from industrial heat pumps, e-boilers, steel, CCS or datacenters.

When looking at Table 3 of the document (see table 1 below) and the percentage of flexibility of each of the different technologies, we are wondering to which extend these values are realistic and will materialise as the core business of industry is to produce and not to provide flexibility.

Additional DSR from industry electrification (shedding capacity)	% of the additional electrification by industry		
	2026-27/Y-1	2027-28/Y-2	2029-30/Y-4
P2H - HP		80	
P2H - eBoiler		100	
DRI-EAF (Steel)		75	
CCS		0	
Data centers		50	

Table 1: Additional DSR from industry electrification

It would be more prudent to back up the analysis with a more fundamental view:

- Which industrial sectors contribute to DSR and in which industrial sectors do we expect further growth?
- Is there a real commitment from the industry to further increase its ability and willingness to adjust its power demand to prices?

### Regarding the flow-based domains

FEBEG has taken note of the use of fixed RAM 70% for the entire European perimeter, however, as stated previously, FEBEG considers that the consideration of the minRAM 70% for all EU countries listed in the excel sheet is overly optimistic for several reasons.

FEBEG members still observe a difficult and slow process to achieve anything near a dependable and universal application of the 70% as confirmed by ACER's monitoring activities on the evolution of cross-zonal capacities over the last years which has shown that a large share of EU TSOs are still far from fulfilling the minimum 70% requirement.

It should be noted that ACER sees significant difficulties in achieving the structural and efficient fulfilment of the minimum 70% requirement across the whole EU by 2026<sup>4</sup>.

Furthermore, the assumption of a complete transmission grid availability in the winter period remains overly optimistic according to FEBEG. A non-complete grid will increase internal flows on network elements which will put under pressure the compliance with the so-called CEP rule of minRAM 70%.

Finally, FEBEG considers that during moments of grid tension, TSO's ability to make the necessary adjustments to guarantee the 70% will be degraded. As such, there will be very limited probability that in such a context 70% will be achieved on all borders, even if the two previous comments would no longer be applicable.

Therefore, FEBEG reiterates its view that a sensitivity should be integrated in the reference scenario that is more pessimistic by using RAM values lower than 70% rather than fixed RAM 70%.

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<sup>4</sup> We quote Acer's Opinion No 02/2024 (we underline):

*"(25) Based on the information currently available, ACER sees significant difficulties in achieving the structural and efficient fulfilment of the minimum 70% requirement across the whole EU by 2026, which would in turn jeopardise the ambitious targets set for renewable energy integration.*

*(55) ACER's monitoring on the implementation of the minimum 70% requirement over the last years has shown that significant progress is still needed, while already recording a substantial increase in redispatching costs. The delay in implementing key processes, such as the capacity calculation methodologies and redispatching framework, has led to recurring derogations from the legal requirements, while the effects of more structural solutions such as necessary investments in grid reinforcement and potential bidding zone reconfigurations are yet to materialize. Based on the current developments, and without further pursuing such structural solutions, ACER considers that the fulfilment of the minimum 70% requirement across the whole EU by 2026, without massively relying on redispatching, is unlikely"*

### Regarding Other countries data

- **Concerning France (French nuclear)**

FEBEG firmly supports the need to include a sensitivity regarding the French nuclear availability in the reference scenario: in fact, based on past unavailability of the French nuclear these last years, it is clear that for SoS reasons a precaution approach should be taken.

As stated at numerous occasions, FEBEG considers that the French nuclear availability constitutes a major risk for the Belgian Security of Supply. The recent low availability of the French nuclear due to abnormal corrosion phenomena and its possible impact on the upcoming winters clearly demonstrates that this risk should be taken very seriously.

- **Concerning the UK**

Concerning the possible extension for AGR plants, past experiences have demonstrated that making the necessary investments in nuclear plants and guarantee safety and the safety operations usually last much longer than initially expected.

Since the extension of the plants is still uncertain, FEBEG fully supports that they are not considered in the base scenario. Including them is a sensitivity seems according to FEBEG premature and overly optimistic.

Concerning the entry into service of Hinkley Point C nuclear power plant, we consider that the possible realization of the optimistic scenario where the unit would be available 1 year earlier as very unlikely.

### Regarding the economic parameters

FEBEG recommends to carefully choose the best new entrant technology in order to calibrate the CRM demand curve. Selecting the technology with the lowest cost which does not have the full potential to solve the adequacy issue given its constraints would put the security of supply of Belgium at risk by excluding all other valuable technologies.

## Comments on the proposed the sensitivities

ELIA proposes 10 different sensitivities proposal for the different auctions

These are summarized hereafter:

Sensitivity	Description	Applicable for 2026-27/Y-1	Applicable for 2027-28/Y-2	Applicable for 2029-30/Y-4
French nuclear availability 1	<p><u>2026-27/Y-1:</u> Lower availability during winter compared to <b>REMIT</b>. Calculated as the difference with the <b>average</b> EDF forecast on the <b>winter</b> only</p> <p><u>2027-28/Y-2 &amp; 2029-30/Y-4:</u> Lower availability by <b>2 units</b> on average during winter compared to <b>ERAA</b></p>	Yes	Yes	Yes
French nuclear availability 2	<p><u>2026-27/Y-1:</u> Lower availability during winter compared to <b>REMIT</b>. Calculated as the difference with the <b>minimum</b> EDF forecast on the <b>winter</b> only</p> <p><u>2027-28/Y-2 &amp; 2029-30/Y-4:</u> Lower availability by <b>4 units</b> on <b>average</b> during winter compared to <b>ERAA</b></p>	Yes	Yes	Yes
French nuclear availability 3	<p><u>2026-27/Y-1:</u> Lower availability during winter compared to <b>REMIT</b>. Calculated as the difference with the <b>minimum</b> EDF forecast on the <b>whole year</b></p> <p><u>2027-28/Y-2 &amp; 2029-30/Y-4:</u> Lower availability by <b>6 units</b> on average during winter compared to <b>ERAA</b></p>	Yes	Yes	Yes
French nuclear availability 4	<p><u>2026-27/Y-1:</u> /</p> <p><u>2027-28/Y-2 &amp; 2029-30/Y-4:</u> Lower availability by <b>8 units</b> on average during winter compared to <b>ERAA</b></p>	Yes	Yes	Yes
Nuclear capacity Great-Britain 1	Earlier availability of Hickey Point C	No	No	Yes
Nuclear capacity Great-Britain 2	Extension of AGR nuclear plants by 2 years	No	Yes	Yes
Cordemais unavailability	The coal unit Cordemais is not switched to biomass and is closed in 2026.	Yes	Yes	Yes
FB CEP rules	Non achievements of the CEP rules to reflect the uncertainty on capacity calculation. (Fixed RAM 70% instead of 70% minRAM)	Yes	Yes	Yes
Nuclear forced outage rate in Belgium	Better Belgian nuclear availability in winter due to the extensive LTO works performed in summer. (FO rate of 10% instead of 20,5%)	Yes	Yes	Yes
TJ closure	Closure of turbojets due to CO2 threshold (-140 MW)	Yes	Yes	Yes

Table 2: Sensitivities that could be integrated in the reference scenario

### Regarding the availability–border risks

- **Concerning France**

FEBEG firmly supports the need to include a sensitivity regarding the French nuclear availability in the reference scenario: in fact, based on past unavailability of the French nuclear these last years, it is clear that for SoS reasons and as a matter of precaution principle for Belgium, FEBEG believes that the *French nuclear availability 3* sensitivity should be used.

- **Concerning the UK**

Concerning the entry into service of Hinkley Point C nuclear power plant (*Nuclear capacity Great-Britain 2*), we this sensitivity should not be retained.

Concerning the possible extension for AGR plants (*Nuclear capacity Great-Britain 1*), we consider this sensitivity premature and overly optimistic. It should therefore not be retained.

We refer to our comments in previous section for the rationale of these exclusions.

### Regarding the Flow-based CEP rules

As mentioned in the section commenting the input data, FEBEG considers that the ambition of minRAM 70% is unlikely to be by 2025 in all countries. For delivery year 2026–27, we highly consider this improbable

**We therefore consider it justified to embed this risk in the reference scenario for delivery 2026–27 and 2027–28 together with a prudent approach for delivery year 2029–30.**

We reiterate our view that a country-per-country approach could be applied to better capture the uncertainty. If this is not possible, a prudent approach should be considered and therefore the minRAM70% hypothesis should not be included in the reference scenario.

### Regarding the uncertainties on Belgian thermal units

FEBEG suggests Elia to integrate, in the reference scenario, a reduction of the MW compared to table 1.2 (excel sheet) to account for some Belgian thermal plants (TJs, CHPs, ...) leaving the market for various reasons: no access to CRM, obsolescence, reduced steam need within the industry, ...

## Comments on the other parameters

### Regarding the preselected capacity types:

Capex should be reviewed in the light of the on-going ENTRAS study on capex and FOM costs launched by Elia.

Considering the competitive nature of these questions we also refer to the individual contributions of FEBEG's members.