

Febeliec answer to the CREG consultation on the project of decision (PRD)2267 on the cost of new entrants and the correction factor X for the CRM T-4 auction for delivery period 2026-2027

Febeliec would like to thank the CREG for this public consultation on the project of decision (PRD)2267 on the cost of new entrants and the correction factor X for the CRM T-4 auction for delivery period 2026-2027.

Febeliec would like to point out that it finds this consultation premature as long as there is no clarity about the outcome of the T-4 auction for delivery period 2025-2026 or even more so the assessment of the Belgian CRM by the European authorities, and thus the remaining uncertainty about any auction happening at all or even the stability of the overall CRM design.

Febeliec furthermore wonders about the relevance of the T-4 auction for delivery period 2026-2027 as it seems to Febeliec that any potential volume to be requested in this auction would presumably be unsubstantial, especially in light of the very high requested volume put forward for the T-4 auction for delivery period 2025-2026 and the very high and stacked safety margins applied by Elia in all its assumptions and calculations, both in the main scenario and the sensitivities (thus according to Febeliec resulting in undue and costly over procurement in the T-4 auction for delivery period 2025-2026 and consequently no additional or unsubstantial volumes for the following T-4 auction). Febeliec thus wonders to what extent it is useful to prepare already an auction for delivery period 2026-2027 taking into account all the uncertainties regarding the CRM and the auction for delivery period 2025-2026.

Febeliec finds it disconcerting to see that the regulator on the one hand and the TSO on the other hand have completely opposing views on the same topics and very much diverging outcomes, based on the same information, and wonders thus how such discrepancies could be resolved to ensure that no over-procurement of capacity takes place at the detriment of costs for consumers. Febeliec is very surprised to learn that the TSO despite multiple explicit requests from the regulator has chosen not to provide all requested information. Febeliec has always understood from Elia that it was aiming for full transparency on its calculations and the related models and processes. Febeliec wants to stress that all the work conducted by Elia in the framework of the CRM has been paid for by consumers and should thus according to Febeliec be made available in the public domain and in any case to the very least to the regulator.

Febeliec further finds it disconcerting that the Minister and her administration have opted to a.o. increase the correction factor X from the proposal of the regulator (1,1) to a much higher value (1,5) and exclude market response from the list of technologies considered as new entrants), at the detriment of costs for consumers as these technologies are clearly showing the lowest costs. Febeliec completely joins the CREG in opposing the removal of these categories from the list of considered technologies in light of the legal lowest cost criterion. Febeliec also completely follows and supports the reasoning of the CREG on the X factor (a.o. because of the use of median revenues) and sees no reason for a X factor of 1,5 instead of the proposed 1,1 by the CREG (both for the delivery period 2025-2026, which was rejected, as well as for the delivery period 2026-2027), as the much higher X factor of 1,5 will according to Febeliec lead to windfall profits for some parties at the detriment of cost for consumers and not in line with the legal lowest cost criterion.

Febeliec regrets that the regulator, invoking confidentiality of the information it has received relating to investment costs, has not provided any updated information on cost of new entrants, as the regulator in the consultation already indicates differences in approach between its own values and assumptions and those applied by the administration. While Febeliec can to a certain degree understand that the regulator does not wish to influence the outcome of the T-4 auction for delivery period 2025-2026, Febeliec strongly regrets that by doing so it cannot ascertain whether the information provided by Elia and the administration and now used by the CREG are relevant and whether the selected option will lead to the lowest possible cost for the CRM. Febeliec also wants to refer here to its comment on the timing of this consultation and the on-going work on the auction for delivery period 2026-2027 while so much uncertainty still remains with the CRM in general.

Febeliec represents industrial energy consumers in Belgium. It strives for competitive prices for electricity and natural gas for industrial activities in Belgium, and for an increased security of energy supply. Febeliec has as members 5 business associations (Chemistry and life sciences, Glass, pulp & paper and cardboard, Mining, Textiles and wood processing, Brick) and 38 companies (Air Liquide, Air Products, Aperam, ArcelorMittal, Arlanxco Belgium, Aurubis Belgium, BASF Antwerpen, Bayer Agriculture, Bekaert, Borealis, Brussels Airport Company, Covestro, Dow Belgium, Evonik Antwerpen, Glaxosmithkline Biologicals, Google, Ineos, Infrabel, Inovyn Belgium, Kaneka Belgium, Kronos, Lanxess, Nippon Gases Belgium, Nippon Shokubai Europe, NLMK Belgium, Nyrstar Belgium, Oleon, Proxiums, Recticel, Sol, Tessenderlo Group, Thy-Marcinelle, Total Petrochemicals & Refining, UCB Pharma, Umicore, Unilin, Vynova and Yara). Together they represent over 80% of industrial electricity and natural gas consumption in Belgium and some 230.000 industrial jobs.