

Le coût vérité de l'électricité /

**Electriciteit tegen werkelijke
prijzen**

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Febeliec**

25/10/2012



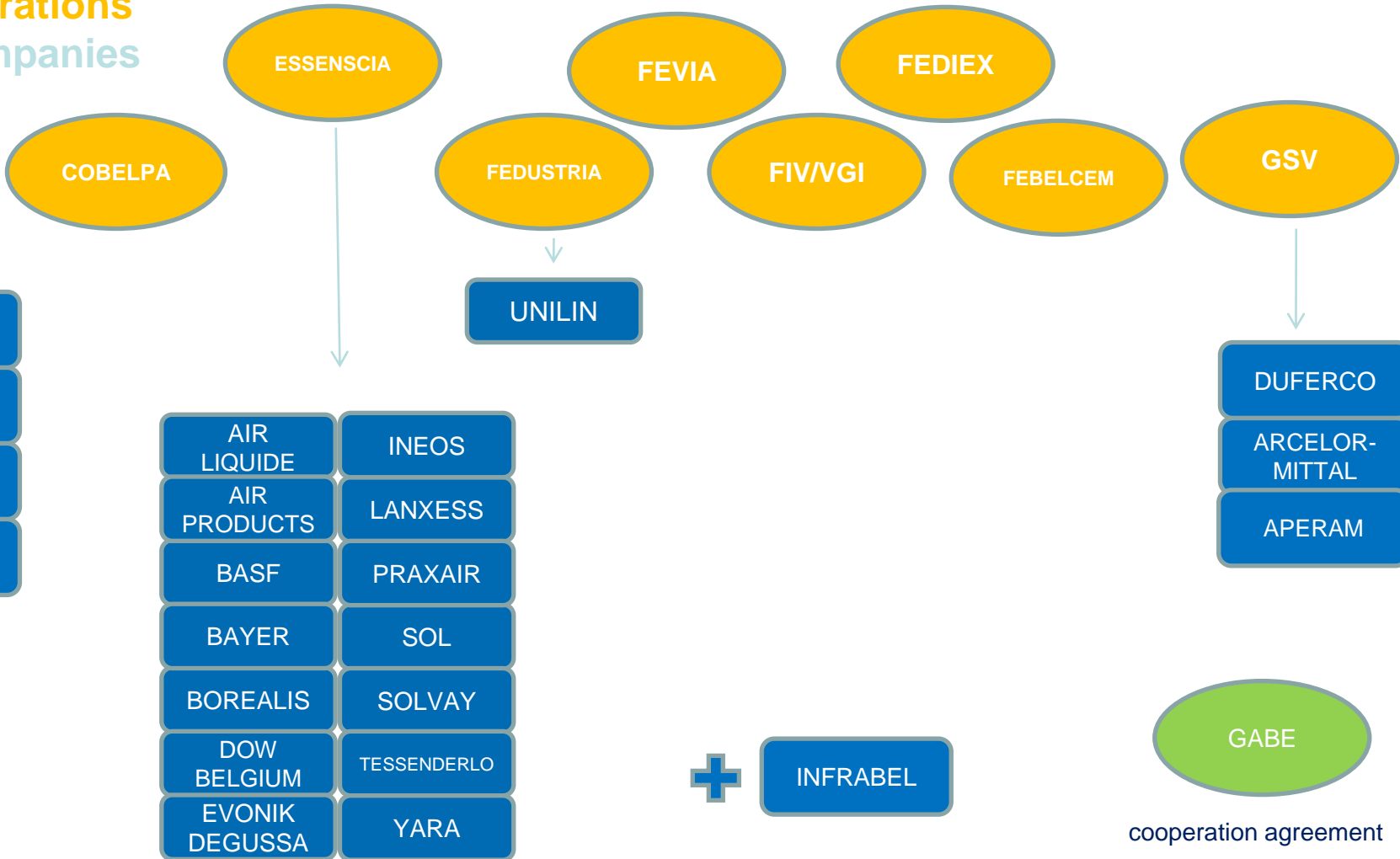
**Febeliec represents
the industrial consumers
of electricity and natural gas
in Belgium**

- **Federation of Belgian Industrial Energy Consumers**
- **Febeliec is a member of IFIEC Europe**
- **FEBELIEC** has a double goal:
 - ✓ strive for competitive prices of electricity and natural gas for companies in Belgium
 - ✓ contribute to the security of supply of energy in Belgium

FEBELIEC AND ITS MEMBERS

8 federations
23 companies

technological industry



- 1. Market liberalization – Where do we stand ?**
2. Surcharges and taxes
3. Security of supply

Market liberalization – Where do we stand ?

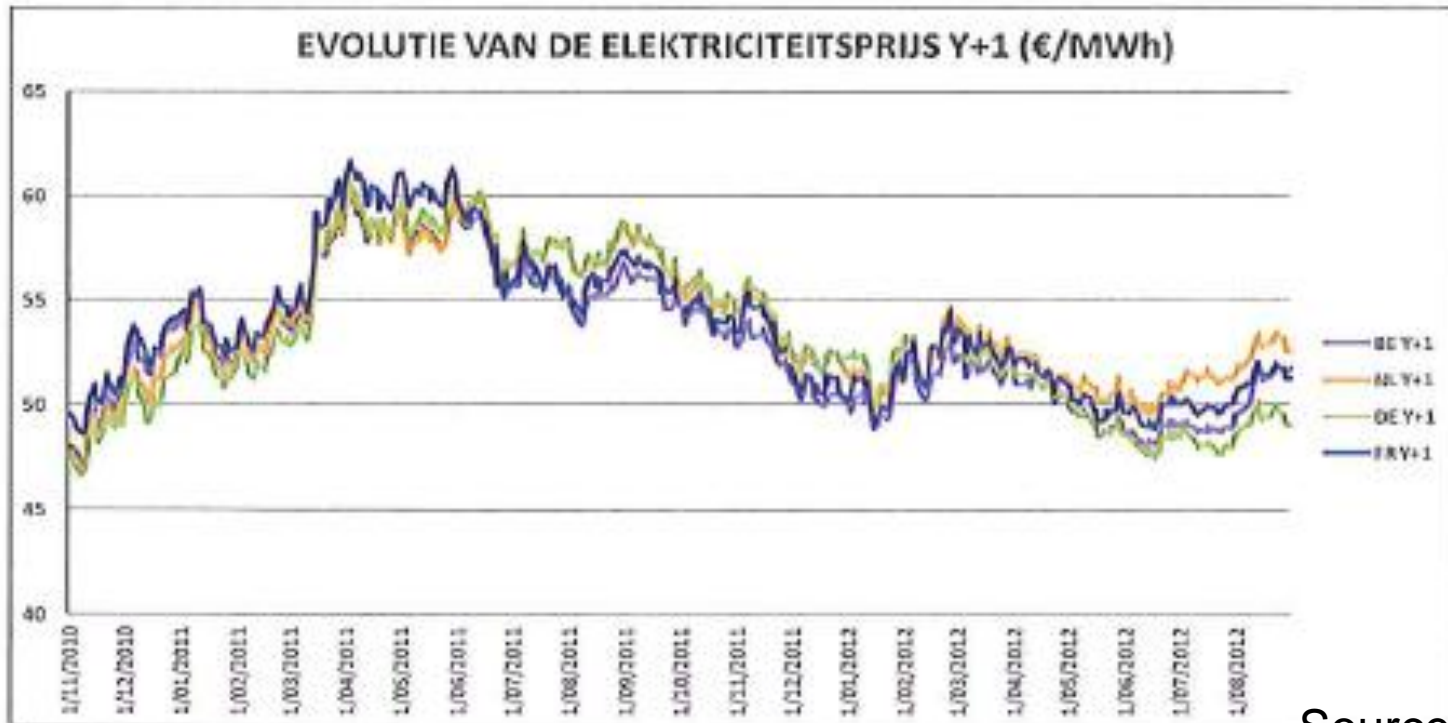
- Industry needs a secure and competitively priced energy supply
- Energy costs amount up to 70-80% of variable production costs in some industrial applications
- Belgium has a high energy intensity but also a high energy efficiency

Market liberalization – Where do we stand ?

- Fair competition should lead to competitive electricity and gas prices AND to better security of supply
- Where do we stand in Belgium / CWE / NWE ?

Market liberalization – Where do we stand ?

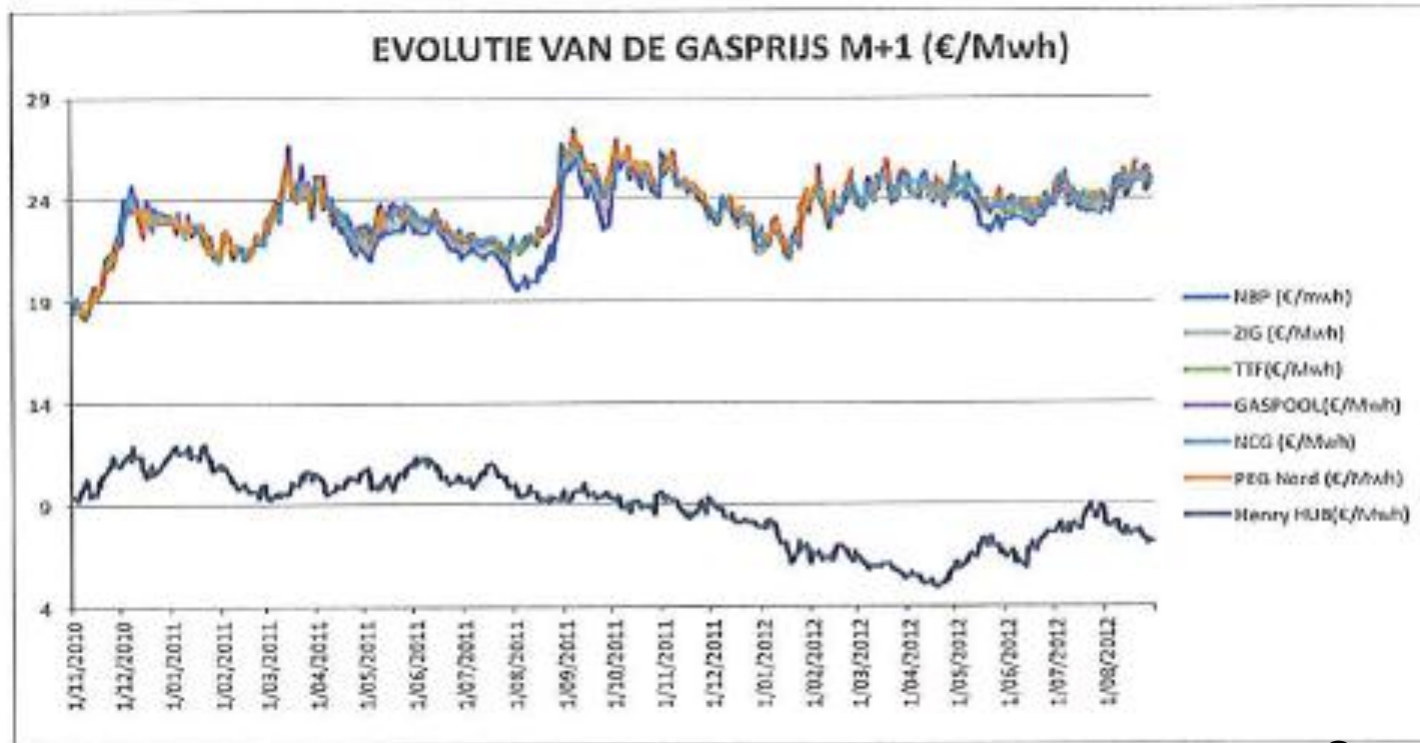
- Market coupling has not (yet) led to market integration



Source : CREG

Market liberalization – Where do we stand ?

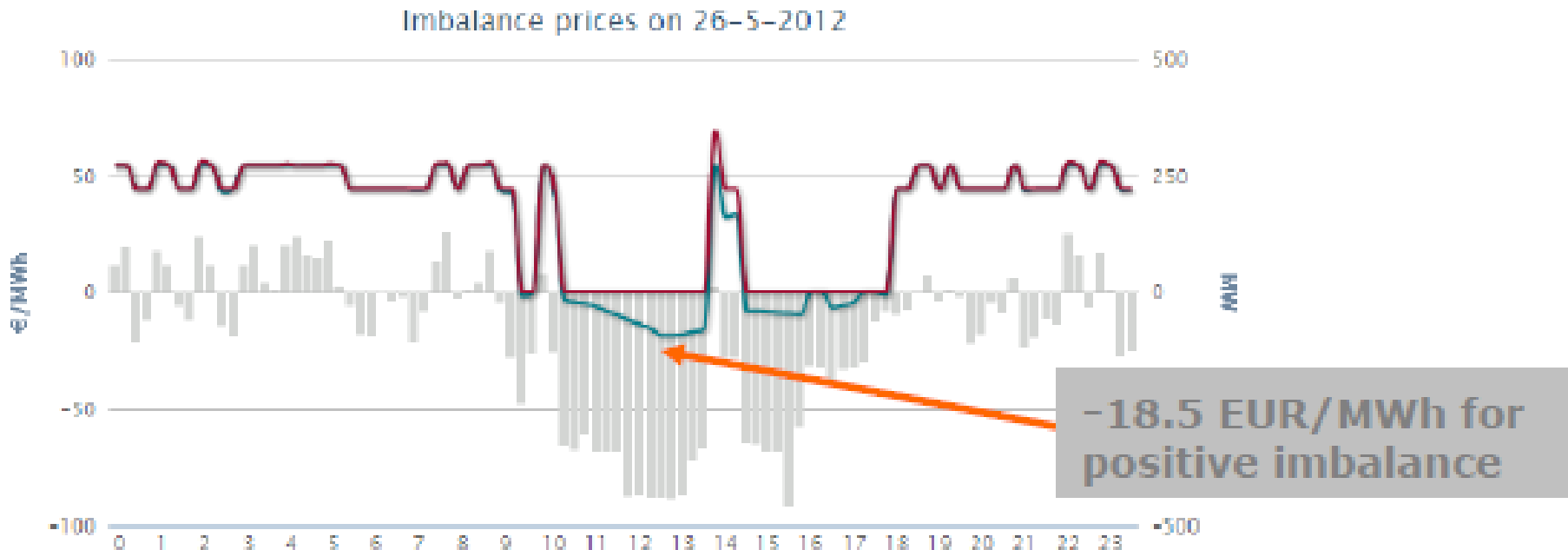
- European gas prices are 3-4 times high than in the USA



Source : CREG

Market liberalization – Where do we stand ?

- Increasing intermittency threatens security of supply



Source : Elia

Market liberalization – Where do we stand ?

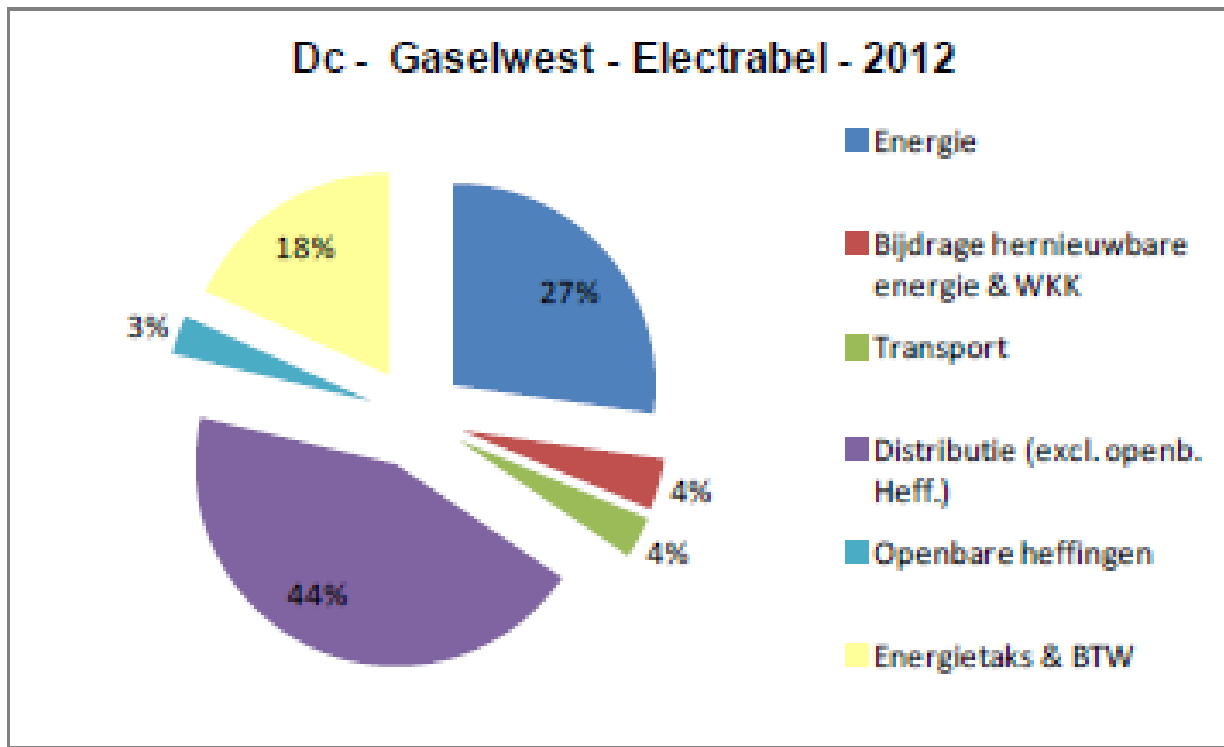
- Belgium has become a net importer of electricity...
- Conclusion: liberalization:
 - has not delivered competitive prices
 - has not improved security of supply
- Proposals:
 - Implementation of 3rd energy package
 - Increase market transparency (REMIT)
 - Use of interconnectors (minimize impact on commodity market)
 - Harmonization of European energy policy

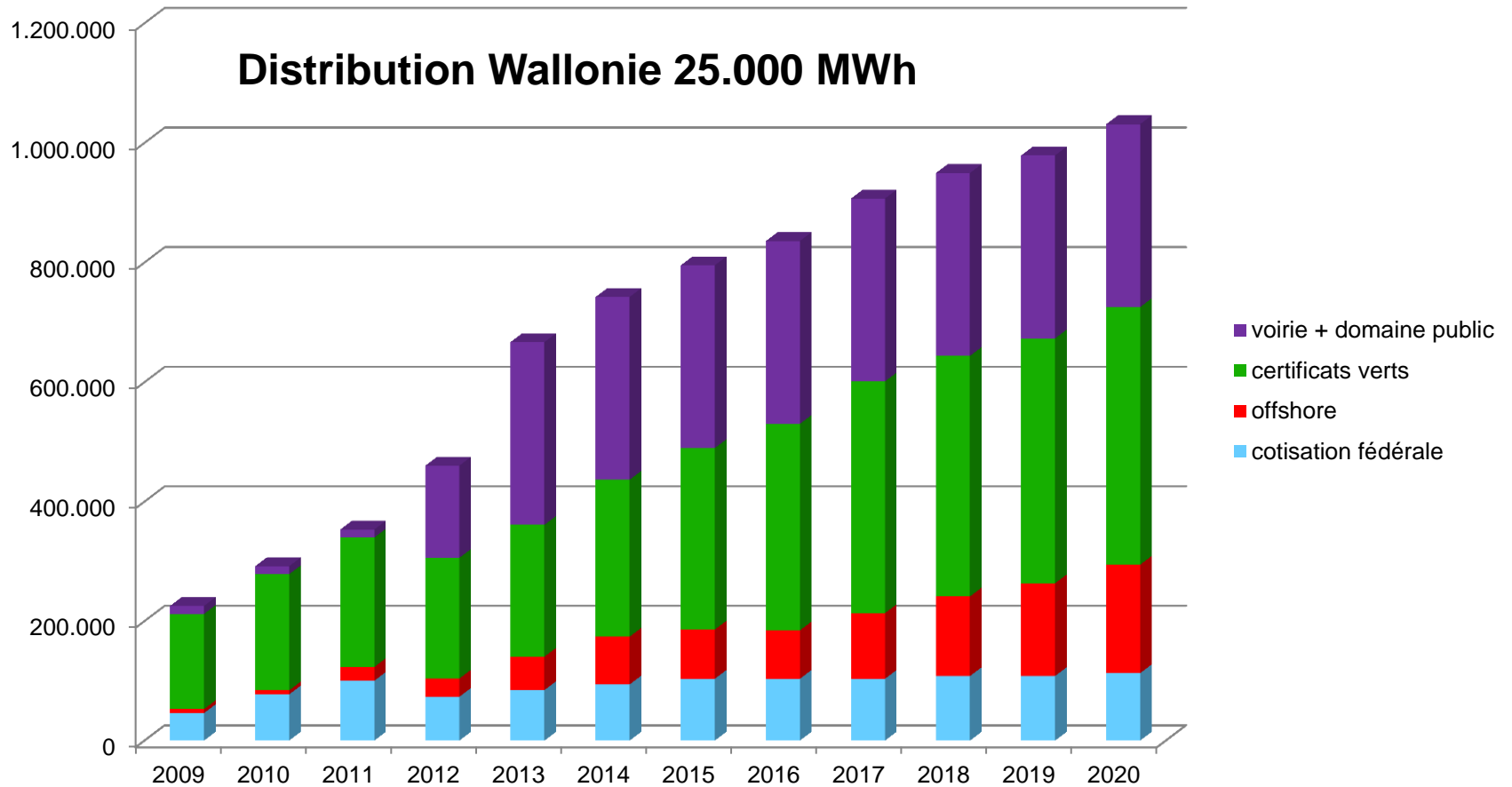
1. Market liberalization – Where do we stand?

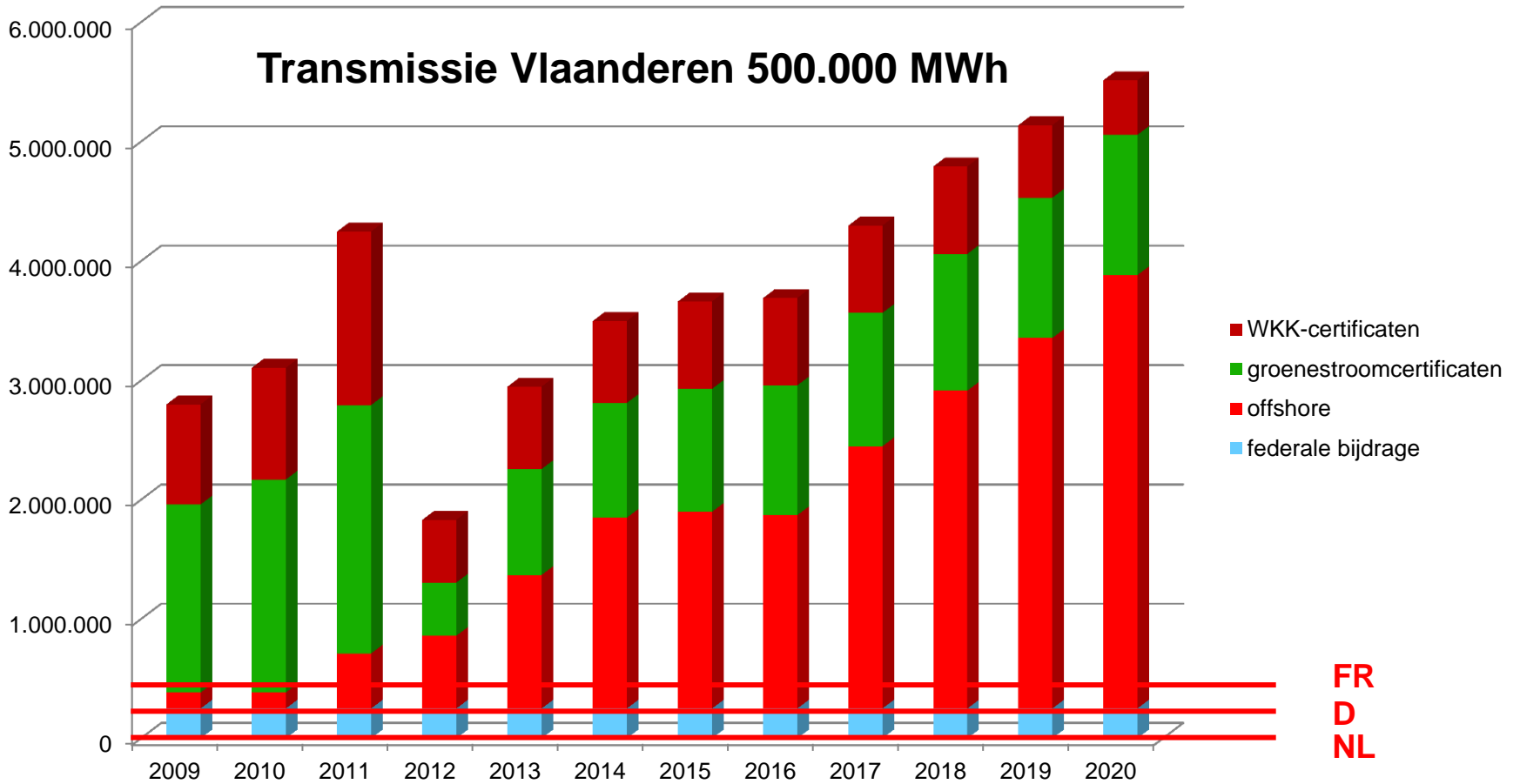
2. Surcharges and taxes

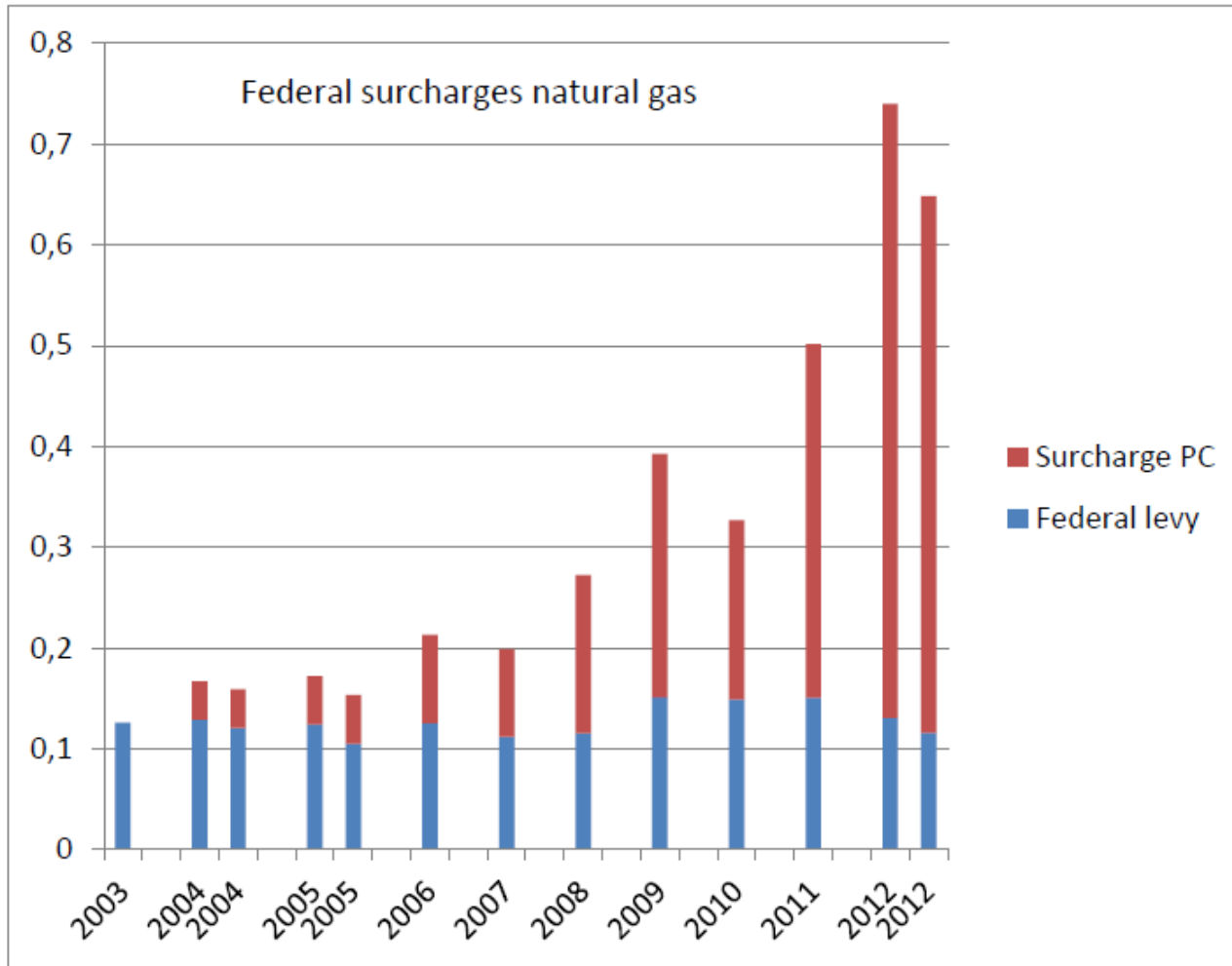
3. Security of supply

- Regulated share in energy prices is large and increasing









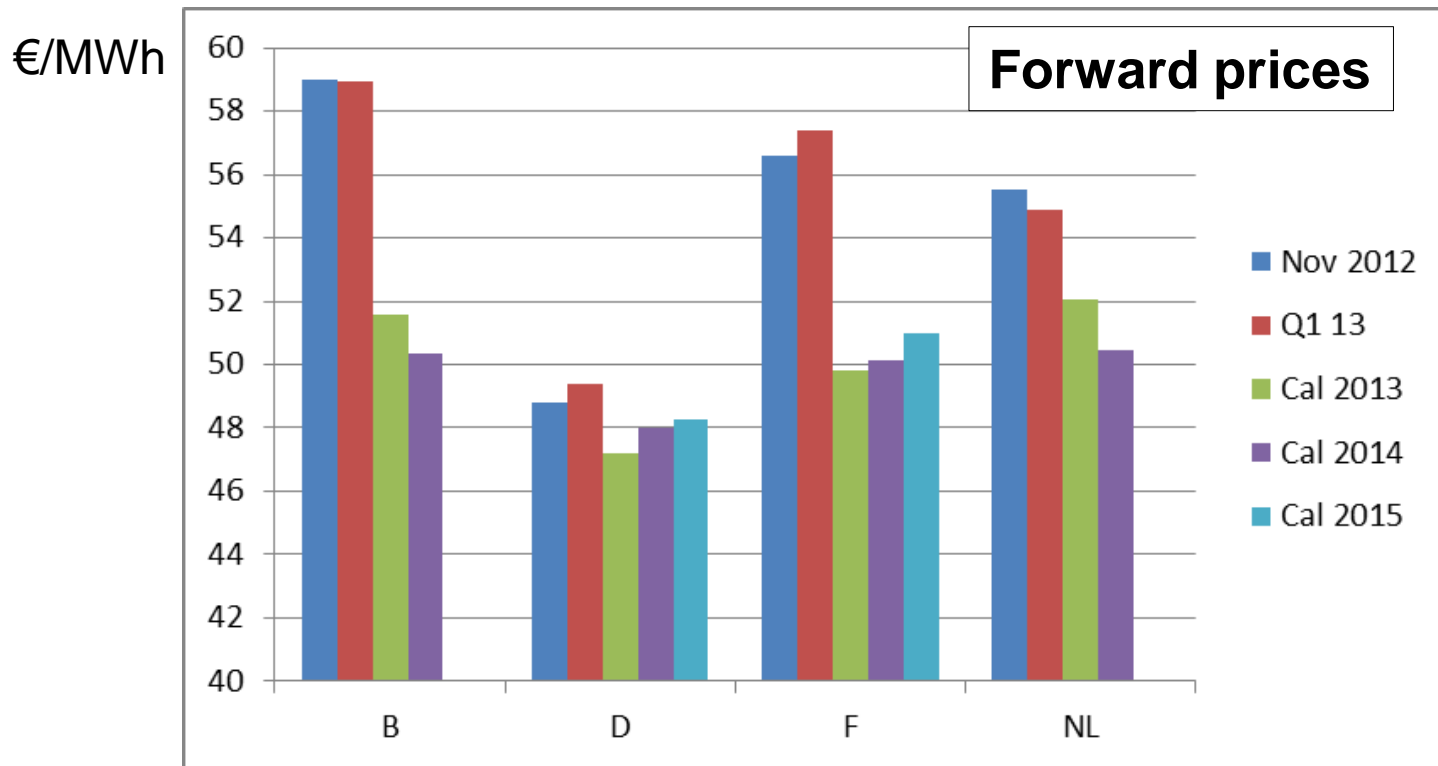
- Often 0 in most EU countries (out of scope or exemption)
- For 5 TWh user (e.g. ammonia plant) yearly competitive handicap of 3,5 mio €

Febeliec urgent recommendations

- Review financing regime of social measures
- Introduce offshore in federal levy
- Solve “ceiling anomaly” in federal levy
- Overall cap in line with neighbouring countries
- ETS: compensation for indirect CO₂ emissions

1. Market liberalization – Where do we stand?
2. Surcharges and taxes
- 3. Security of supply**

Market view on security of supply – investment signal



Source Platts

- Industry needs reliable and competitive energy
- New surcharges on industrial consumers are unacceptable
- (Prior & full) impact assessment of all proposals is a must
- Capacity payments are a “last resort” solution and risk to cause severe additional market distortions
- Measures should be taken at European or CWE level

1. Better use of interconnectors
2. Demand response: more flexible instruments for industry
3. Strategic reserves: assess real cost and find solution for financing
4. Allow investments in reliable generation, including cogeneration
5. Accept spot market price volatility (investment signals !)
6. Look for alternative solutions :
 - extra reserves for Elia (regulated “R4” for security of supply)
 - allow long term contracts for new investments
 - review role of hydro plants

More info ?

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