

Brussels energy storage market analysis

Belgium supports EU carbon neutrality by 2050 and under EU requirements has adopted its own Long-term Strategy for energy and climate (LTS2050). The LTS2050 aims to put Belgium on a path that supports the Paris Agreement and EU 2050 carbon neutrality, but it does not include a clear target for national climate neutrality by 2050. Belgium should update its long-term strategy to include a clear commitment and path to 2050 carbon neutrality.

Regional governments have responsibility for reducing buildings emissions and their energy demand and for increasing renewable heating and cooling. There is a wide variety of measures, including direct financial support, loans and tax deductions for renovations; building codes; energy performance certificates; and information platforms for consumers. There is a notable focus on transitioning away from oil-based heating, with regional programmes favouring heat pumps and renewables. The federal government also contributes by setting appliance efficiency standards.

Reductions of industry emissions and energy demand are mainly driven by the ETS and voluntary agreements between regional governments and industry. The voluntary agreements vary by region, but in general focus on audits to identify cost-effective energy efficiency measures, with companies receiving tax relief or other incentives if these measures are implemented. The voluntary agreements focus on energy-intensive industrial facilities, but there is an increasing effort to include small and medium-sized enterprises (SMEs).

In 2018, the federal government published a report on the results of a national debate on carbon pricing for non-ETS sectors. The report detailed the impact of three carbon-pricing options on fossil fuel prices and on emissions from transport, buildings, non-ETS industry and other sectors, but so far no decision on carbon pricing has been taken. Under EU directives, Belgium developed an inventory of fossil fuel subsidies and is committed to eliminating fossil fuel subsidies.

In 2019, Belgium had the highest consumer switching rate for electricity in Europe. However, Belgium's electricity market remains highly concentrated, with limited competition. In 2019, just one supplier had a 72% market share at the wholesale level, while just four suppliers dominated Belgium's retail electricity markets. More effort is needed to remove barriers to competition and ensure that new companies and innovative services can enter the market.

There are also notable concerns over the time required to obtain permits for the construction of transmission infrastructure and generation facilities, especially onshore wind and large-scale solar PV. Timely project permitting is essential, especially given the need to quickly develop new generation and transmission capacity to ensure a secure electricity supply during and after the nuclear phase-out, and to support the strong deployment of renewable energy needed to meet the energy transition goals.

Belgium has also made progress on energy security. The infrastructure projects supporting a secure gas supply after the Groningen phase-out should be complete several years ahead of schedule. However, Belgium lacks a national strategy and plan for decarbonising the gas sector, including mid- to long-term targets for low-carbon gases such as biomethane and hydrogen. More clarity is needed on the decarbonisation of the gas sector, especially as the nuclear phase-out is expected to result in the deployment of new gas-fired electricity plants.

The European Commission provided an overall positive endorsement of Belgium's plan and noted that it should have a positive economic impact and drive public and private investments in areas relevant for Belgium's energy and climate goals. However, the Commission pointed out that the plan contains limited investments in renewable energy and indicated that additional funding and measures beyond what is detailed in the plan are needed to achieve Belgium's 2030 renewable energy targets.

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