

Dear Sir/Madam,

The comments below have been drafted in response to the invitation of the Fluxys Belgium SA to provide input to the consultation document regarding tariffs proposal for transmission tariffs 2024-2027 (hereinafter – “Proposal”). We would like to thank Fluxys Belgium for the possibility to express our views and summarize our comments as follows.

A closer look at the Proposal illustrates that it does not take account of the legal and economic interests and rights of the market participants with existing capacities contracted at the affected entry and exit points, specifically OCUC capacities.

The regulatory Proposal entails cancellation of the discount for shorthaul capacities (OCUCs) as of 01.01.2024, with OCUCs tariffs will simply be set as the sum of the tariffs of the underlying Entry and Exit service.

From our perspective, cancellation of this discount constitutes a significant interference with the basis of the initial transaction for contracting OCUC capacities, detrimental to the holders of long-term OCUC bookings. The very existence of OCUC as a discounted transit capacity encouraged Shippers:

- a) to enter into long-term commitments with Fluxys Belgium SA;
- b) to direct the physical flows through Belgium while shipping natural gas between the adjacent countries.

In comparison with other transmission services, OCUC has always had an obvious separate significance for market participants. Such a discounted capacity product had been booked by Shippers if they were interested not in the access to the virtual trading point in Belgium, but rather in a specific transport service to or from a specific destination.

With cancellation of the discount and transforming OCUCs tariffs into the sum of corresponding Entry and Exit tariffs, the holders of OCUC capacities receive no improvement of the transmission service, but additional uneconomic extra-costs for the same transport route.

Moreover, the proposed hypothetical opportunity for OCUC capacity holders to transform the OCUCs into the underlying Entry and Exit services in the future (subject to interest of the market participants) will not remedy negative economic impact for the affected Shippers, since the underlying reason for OCUC users has always been the certain discounted transportation route without access to the virtual trading point. A possible “conversion” of OCUC into Entry and Exit services enabling access to VTP in exchange for higher tariffs is not what the OCUC services were contracted for when the contracts for OCUC capacities were entered into.

Therefore, we believe that the Shippers with affected long-term bookings shall be given an explicit option to terminate their transmission contracts, as the foregoing substantial changes to the regulatory framework will exert significant and negative influence upon the affected Shippers.

We expect that the final decision would accommodate our concerns.

Yours faithfully,