

## Consultation Report 22

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## **1. INTRODUCTION**

From 25 November 2016 till 23 December (included) 2016, Fluxys Belgium consulted the market on amendments of the transmission regulatory framework, i.e. the Access Code for Transmission (ACT) and the Transmission Programme (TP). The latest version of those documents has been approved by Commission for Electricity and Gas Regulation (CREG) on 20 October 2016, building upon previously approved documents. This consultation primarily aims at (i) offering an Imbalance Pooling Service, (ii) offering a Capacity Conversion Service, (iii) potentially removing the option to activate the Calendar Day Regime on End User Domestic Exit Points, (iv) merging the IPs Poppel L and Hilvarenbeek L and (v) improving the technical descriptions in several sections of the Access Code for Transmission (ACT).

## **2. CONSULTATION PROCESS**

Fluxys Belgium launched this market consultation by publishing the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all registered market participants and associations. During the period from 25 November 2016 till 23 December (included) 2016, stakeholders were invited to submit their written feedback and, if needed, ask additional information through bilateral contacts with Fluxys Belgium. No dedicated information session was organised.

Taking into account the different comments received, Fluxys Belgium submits for approval to the CREG, the so amended version of the ACT and TP.

## **3. OUTCOME OF CONSULTATION PROCESS**

All comments received are listed and individually treated in the “Q&A’s” included in the consultation report submitted to CREG – see appendices.

Feedback – generally speaking broadly positive and supportive to the changes proposed - was received from 9 individual Grid Users and 2 representing organisations (EFET and FEBEG).

The feedback received mainly concerned:

- Capacity conversion service
- Imbalance pooling service
- Calendar day Regime

### ***Capacity conversion service***

The introduction of a capacity conversion service results from the amendment of the NC CAM (Commission Regulation (EU) No 984/2013) in late 2016 – expected to come into force on 28 March 2017, which details that a capacity conversion service must be offered by TSOs for yearly, quarterly and monthly products by 1 January 2018. The detailed model is to be developed by ENTSOG during 2017.

All respondents do welcome the introduction of this service, in an anticipated way, by Fluxys Belgium. Yet there were several request made to further extend the proposed solution.

All, except for one market participant, suggest the possibility to enable day-ahead and even within-day capacity conversion. One representing organisation – FEBEG - asks to at least investigate such possibility in the framework of future improvements of the service. The new version of NC CAM specifically doesn’t foresee the option to enable capacity conversion for day-ahead products or even within-day products. It is Fluxys Belgium’s understanding that this was not part of the objective of facilitating the bundling of existing long term contracts (for Grid Users holding mismatched unbundled capacity at one side of an interconnection point) as discussed on European level during the development of this amendment to NC CAM. The conversion details to be developed by ENTSOG in the course of 2017, will eventually clarify this aspect. Fluxys Belgium proposes therefore not to extend

the proposed capacity conversion service to shorter term durations and to reconsider this position later in function of European developments as the case may be.

Two market participants and one representing organisation – EFET - put forward the option of not applying the eventual auction premium due on the newly acquired bundled product. In the spirit of early implementation of upcoming regulation, Fluxys Belgium proposes to strictly follow the rules as set out in the amended NC CAM<sup>1</sup> and to apply the auction premium when needed. Nevertheless, Grid Users are, within the mechanism of the ascending clock auction, always free to step out of the auction on the new bundled product from the moment they consider that the auction premium due would exceed their willingness to pay. Again should a different approach emerge from the future European discussion at ENTSO level, Fluxys Belgium will reconsider this position as the case may be.

One market participant favoured automation of the process – either through PRISMA or EBS. Fluxys Belgium has the opinion that, since it is a confined monthly process with enough time for manual processing, automation is not necessarily advisable. We therefore propose to first evaluate the way the service is actually used, and also observe potential adjustments on EU level, before investigating automation possibilities.

One market participant raised the question why he would need to inform Fluxys Belgium in case of using a capacity conversion service of an adjacent TSO. Fluxys Belgium confirms that a grid user does not have to send any information when a capacity conversion service is used with the Adjacent TSO, at the other side of the border.

Finally one market participant and one representing organisation – EFET - asked for reshuffling possibilities to be re-offered by Fluxys Belgium on an enduring basis, in combination with the capacity conversion service. This suggestion is considered as out of scope of this particular consultation.

Considering the comments received, the proposed changes are submitted as consulted upon. Nevertheless, Fluxys Belgium will continue to evaluate and improve the service based on further EU clarifications.

### ***Imbalance Pooling Service***

The imbalance pooling service was warmly welcomed by most of the market participants. Two market participant suggested alternatives in the implementation details.

One market participant welcomed the additional flexibility but noted that the service is not fully free of charge as each transaction is still subject to the hub services variable fee. They propose, as an alternative, a “balancing group”-model<sup>2</sup>. This option was investigated but discarded for its complexity and lack of flexibility when designing the service together with FEBEG members. Another market participant proposed to only do a pooling of the imbalances once a day - at the end of the day - instead of each hour. The reasoning behind this suggestion being that less shippers could potentially try to settle their within-day imbalances on the ZTP with a detrimental effect on liquidity. This option was also discussed in the course of 2016 when designing the service, and the requirement expressed by all FEBEG members at that stage was to ensure that, through the pooling service, the transferor could transfer all possible imbalance risk and associated charge to the transferee. This implies also a transfer within the day, considering the Belgian balancing system.

Fluxys Belgium thanks the market for those suggestions, however considering the comments received and the fact that the consulted implementation details have been extensively discussed during 2016 with the Belgian players and endorsed by the FEBEG in general, the proposed changes are submitted

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<sup>1</sup> NC CAM – Art 21.3 ... *In particular, payments for the part of the contracted bundled capacity which network users already hold as mismatched unbundled capacity shall be limited to a possible auction premium....*

<sup>2</sup> Inspired by the German concept

as consulted upon. Fluxys Belgium proposes to evaluate the performance of this service after a year of operation together with market parties.

### ***Calendar day regime***

Developed in late 2015, this option has not yet been subscribed by Grid Users (neither for year 2016 nor for 2017). Nevertheless 3 market participants and one representing organisation – FEBEG -prefer to keep the possibility in the future as the interest may increase in the context of day-ahead sourcing for power plants.

Considering the comments received, Fluxys Belgium proposes to keep the option of Calendar Day regime in the future.

### ***Other changes***

There was no specific comment made on the other changes proposed, which will therefore be submitted as consulted upon.

### ***Additional Change***

Recent market developments have highlighted the opportunity for Fluxys Belgium to improve Quality Conversion Service L to H by reducing the minimum service duration for service requested after the yearly subscription period, from a minimum of one week to a minimum of one day. Furthermore the option to subscribe this service via EBS could improve its accessibility, by making daily day-ahead bookings possible in a fully automated way. Although not consulted explicitly during this market consultation, we deem this improvement as positive for the market and would propose to implement it by 1 April 2017 at the latest, subject to CREG approval. We therefore have adjusted the submitted ACT Attachment B accordingly (Section 3.1 where the booking channel is specified, and Section 3.5.5.2, where the minimum duration is specified).

## **4. APPENDICES**

### ***4.1 Appendix 1: Market consultation – public material***

### ***4.2 Appendix 1: Market consultation – confidential material***