FLUXYS

# Consultation Report 25

# Balancing Tariffs 2018

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| Version : | 1.0 |
| Status: | Final |
| Classification: | Public |

## 1. Introduction

From 10 July 2017 till 4 August 2017, Fluxys Belgium consulted the market on the proposed Balancing tariffs applicable for Calendar year 2018. In accordance with CREG decision (B)150903-CDC-656G/29, Fluxys Belgium shall indeed introduce a proposal to CREG for approval, regarding the balancing tariffs applicable during the next balancing period (e.g. 1st of January 2018 to the 31st of December 2018), by October 1$^{st}$ the preceding year. This consultation is therefore organized before such introduction.

## 2. Consultation process

Fluxys Belgium launched this market consultation by announcement of 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 duly registered market participants and associations. During the period from 10 July 2017 till 4 August 2017, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Fluxys Belgium.
Taking into account the different comments received, Fluxys Belgium submits for approval to the CREG, the proposed tariffs as consulted.

## 3. Outcome of consultation process

All comments received are listed and individually treated in the “Q&A” which makes part of the consultation report submitted to CREG – see appendices.

Next to clarification questions, feedback was received from 2 grid users and 2 representing organizations, namely the FEBEG and the Febeliec. The market reactions were globally positive and welcoming the proposed tariff (e.g. maintaining the level of small adjustments, to 0% for helpers and 3% for causers and returning to a 0 €/MWh neutrality fee).

However, Fluxys Belgium received the suggestion to envisage alternative options to secure a global neutrality of the balancing system, namely to remove small adjustments (keep them permanently at 0% in both directions) and use a neutrality fee “only” to cover costs of the balancing activities – such neutrality being as flat and constant over time as possible. It is to be noted that other comments suggest to do the exact opposite, also with a view to keep the neutrality charge constant (in this case constant to 0 and small adjustments set to compensate costs).

We believe that it is difficult to predict the effects on the system of a complete removal of incentives to reach a balanced position at the end of the day. It is however reasonable to think that trends observed in gas year 2016-2017 – where End Of Day positions have tended to be more and more out of balance – would be reinforced. Furthermore, the removal of small adjustments fees or the sole use of those to ensure neutrality (i.o. the neutrality fee) would not be in line with the spirit of the BAL NC. The network code indeed intends to promote market liquidity by setting up a balancing regime whereby network users are incentivized – through adjustments - to steer and balance the system, while the TSO or balancing operator, is bound to a residual role – which financial neutrality is settled through a specific charge. To date it appears that both tools have their own valid – and different – purposes.

As a consequence, the suggestion for alternatives is not retained and the level of tariffs submitted to CREG are those consulted.

## 4. Appendices

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

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