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Shell Energy Europe Limited response to Consultation on Fluxys Belgium's Tariffs Proposal for Transmission Tariffs 2020-2023

Dear Sir/Madam

Shell Energy Europe Limited (SEEL) offers the following comments in response to this consultation.

Proposed Reference Price Methodology (RPM)

SEEL supports the application of the CWD methodology in Belgium, as defined in Article 8 of the TAR as it is purported to lead to a good balance between cost-reflectivity and complexity and ensuring that the degree of cross-subsidisation between intra-system and cross-system network use stay below the 10% threshold, as set out in the TAR NC.

To facilitate ease of reference and understanding, it would, however, have better facilitated an open and transparent consultation if a comparison was made within the consultation document, detailing the impact on tariff levels for each network point, depending on the tariff methodology chosen, compared to the status quo.

Entry/Exit split

Whilst it is clear that a 50/50 split would lead to unnecessary further variations in tariffs and risk increasing ZTP prices, it is not clear why an entry/exit split of 33/67 is proposed, compared to the current split of 30/70. The proposed change to the entry/exit split leads to an increase in entry tariffs of 3% so could also have a consequential impact on ZTP prices.

Without a clear rationale for proposing a change to the split, either in the consultation or when questioned at the information session, SEEL urges that the current split is maintained as the optimal solution to avoid unnecessary changes in tariffs.

Regulatory Account

SEEL welcomes the decision to allocate the €240m back to network users through a dampening of tariffs for the period 2020-2023. Using the additional €100m to dampen tariffs in 2024-2027 could also provide a practical solution to a further reduction in capacity sales in this period. However, retaining any sum associated with the over-recovery of the regulatory account for a longer period, could be lead to discrimination between network users as the longer the period in which the money generated by network users' tariffs is extended, the increased risk that the sum is not returned to those shippers that paid for it. As shippers enter or exit the market or, as proposed in this consultation, a change to the entry/exit split is implemented, the distortionary affect brought about by a potential mis-allocation of funds could lead to a cross-subsidisation between different network users.

We are encouraged, however, that Fluxys Belgium has proposed not to activate the option to use €50m of the regulatory account to finance investments. We look forward to further clarity with respect to how and when the remaining €100m will be returned to and apportioned to those network users that paid for it.

Please do not hesitate to contact me, should you wish to discuss any aspect of this consultation.

Yours faithfully
Shell Energy Europe Ltd

Christiane Sykes.
Commercial Regulatory Affairs Manager North West Europe.