



INFO SESSION

Wednesday 24 October 2018 | 14:00 – 17:00

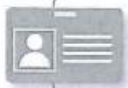


# WELCOME TO FLUXYS

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### IN CASE OF EMERGENCY:

7100 = first-aid

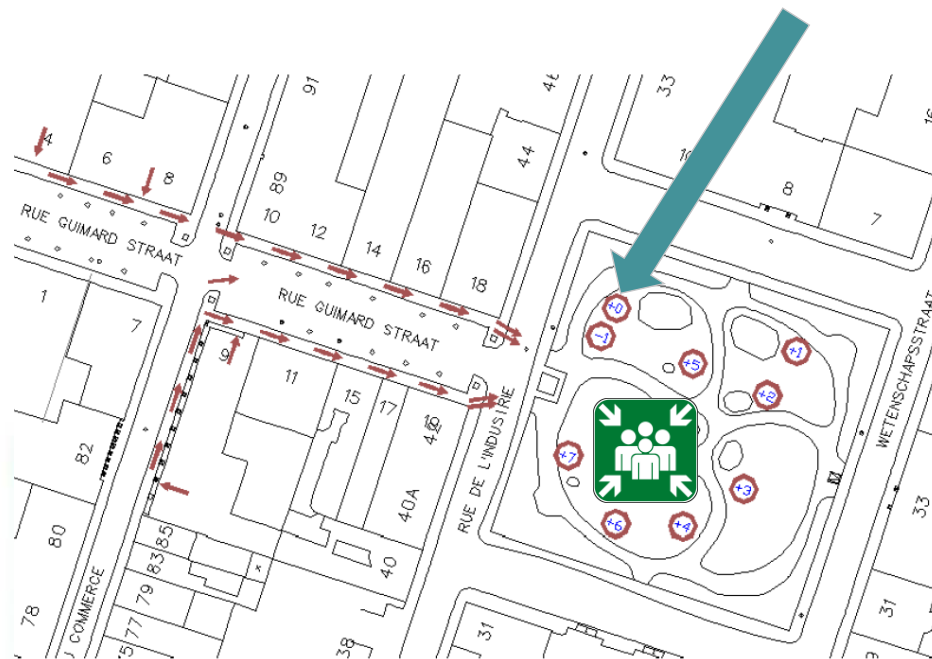
7900 = all other incidents

### RECEPTION:

Avenue des Arts 31: from 7:45am to 5:45pm

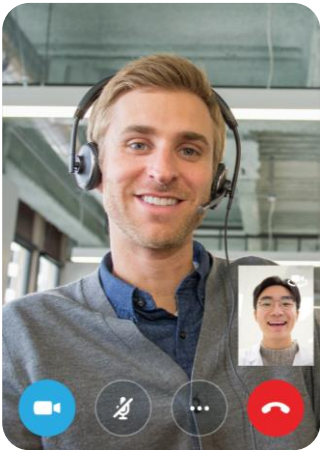
Rue Guimard 4: after 5:45pm

Fluxys S.A.  
Avenue des Arts 31 - 1040 Brussels  
Tel. 02 282 72 11  
[www.fluxys.com](http://www.fluxys.com)



# ONLINE SOLUTIONS FOR INFO SESSIONS

Welcome to our stakeholders joining on-line!



- Individual invitations => connectivity test before the session
- Presentation sharing
- Room Audio sharing
- Interactive chat-room with the moderator
- Recording of whole online session



# Agenda

1. Transmission tariffs for period 2020 – 2023
2. CREG consultation
3. Storage tariffs for period 2020 – 2023

**Coffee Break**  **15.30 – 15.45**

4. Changes in Access Code for Transmission
5. VIP update
6. Planning and closing remarks

## Opening address by Arno Bux Chief Commercial Officer - Fluxys Belgium



# Agenda

1. **Transmission tariffs for period 2020 – 2023**
2. **CREG consultation**
3. **Storage tariffs for period 2020 – 2023**

## **Coffee Break**



4. **Changes in Access Code for Transmission**
5. **VIP update**
6. **Planning and closing remarks**

# DISCLAIMER

This presentation has been prepared by Fluxys Belgium SA/NV solely within the framework of the ongoing consultation.

It aims at providing information on possible future tendencies and on main expected evolutions. Numbers and parameters contained in this document are indicative best estimates subject to possible changes or corrections.

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# TOPICS



- CONTEXT & CONSULTATION PROCESS



- NEW ELEMENT: TARIFF NETWORK CODE



- TARIFF DESIGN 2020-2023



- INDICATIVE REFERENCE TARIFFS





## CONSULTATION till 7 Dec 2018

- In accordance with the TAR NC, Fluxys Belgium is organizing a consultation over the transmission tariffs for the next tariff period (2020-2023)
- The consultation runs from 8 Oct 2018 until 7 Dec 2018 COB
  - Consultation document is available on our website:

<http://www.fluxys.com/belgium/en/Services/Transmission/MarketConsultations/Consultation>

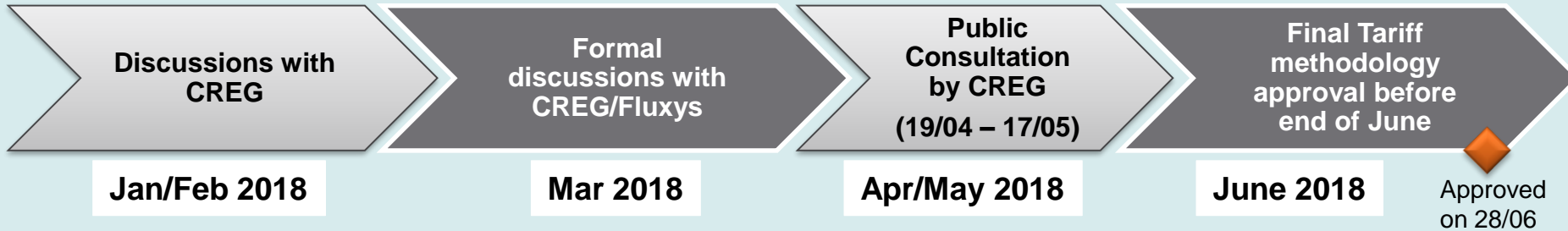


- All interested parties are invited to submit their comments by e-mail at following address: [marketing@fluxys.com](mailto:marketing@fluxys.com)
- Consultation responses received will be published in a consultation report => please include a non-confidential version suitable for publication

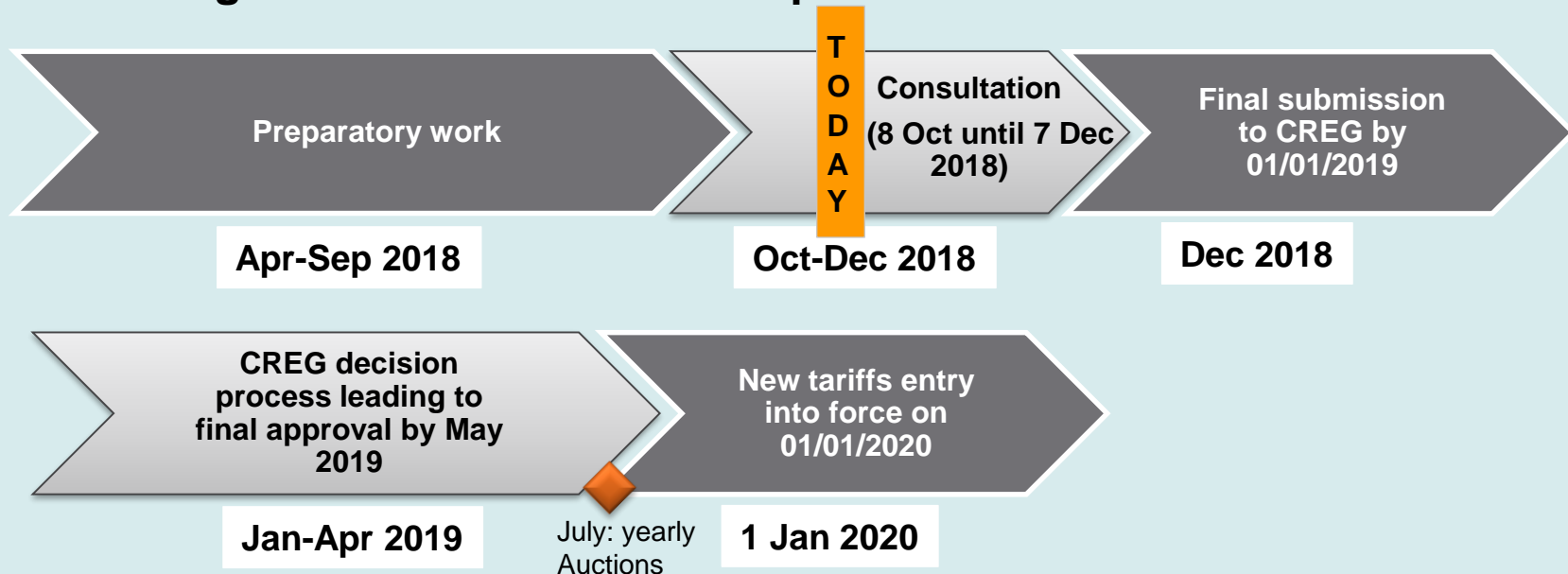
# GENERAL PROCESS TIMELINE



## Tariff methodology – CREG



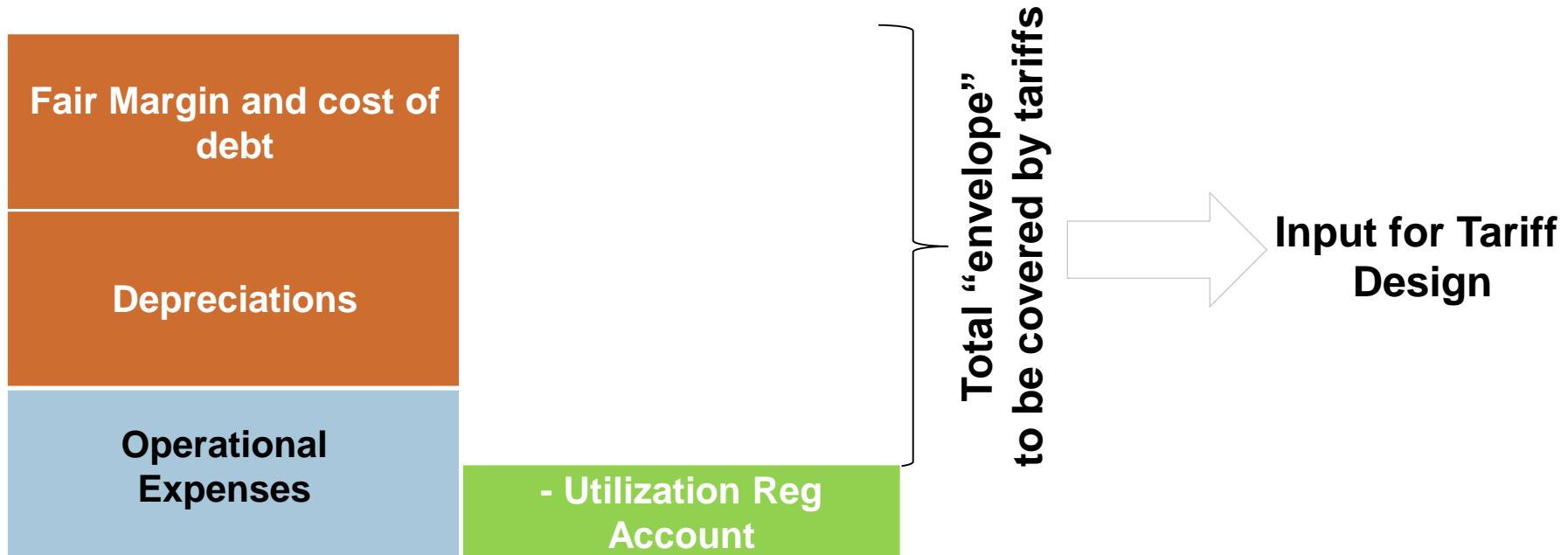
## Tariff design 2020-2023 & TAR NC implementation



# TARIFF METHODOLOGY - CREG



The tariff methodology sets the main parameters for determination of the allowed revenue for the upcoming 4 years tariff period:



- OPEX incorporate efficiency of the past and anticipate future efficiency to be realized
- Target regulatory account at end of period fixed at maximum 100M€
  - Automatic correction of tariffs (down & upwards) in case of deviation compared to foreseen trajectory
- Up to 50M€ of regulatory account can be used for investments over the period (cf. infra)

# NEW EU REGULATION: TARIFF NETWORK CODE



- EU regulation tariff network code (TAR NC):
  - Defines a methodology to derive tariffs (Capacity Weighted Distance) – not mandatory but must at minima serve as a reference to compare to
  - Lists the elements/justifications the consult on, simplified tariff model to be published
  - Consultation document subject to ACER feedback
  - Defines a cross-subsidization test domestic/cross border: cross subsidization ratio to be published
  - ...



**→ TAR NC entered into force in April 2018**

# TAR NC CONSULTATION AND OTHER PARALLEL CONSULTATIONS



- TAR NC Art. 26 sets the modalities and publication requirements of the consultation to be organized prior to submitting the tariff proposal to CREG
- Within one month following the end of the consultation, Fluxys Belgium will publish the consultation responses received and its summary;
- In parallel to the TAR NC consultation:
  - i. CREG is also holding a consultation on topics reserved to the NRA;
  - ii. a dedicated consultation on amendments and improvements to the regulated documents is also be held (same link as on previous slide); and
  - iii. a consultation on the main expected evolutions of the storage tariff is conducted in parallel.
- Within 5 months following the end of the consultation, the NRA shall publish its motivated decision.

# TOPICS



- CONTEXT & CONSULTATION PROCESS



- NEW ELEMENT: TARIFF NETWORK CODE



- TARIFF DESIGN 2020-2023



- INDICATIVE REFERENCE TARIFFS



# TAR NC - REMINDER HIGHLIGHTS

## Main principles

### Reference price

- **Reference Price Methodology (RPM)** = method to calculate Reference price
- **Reference price** = price for **firm** capacity product with duration of **1 year**
  - Used to derive **reserve prices**
  - Applicable at both IP's and non IP's points
- **Reserve price** = the eligible floor price in the auction

# TAR NC – REMINDER HIGHLIGHTS

## Main principles



Reference Price Methodology (RPM)

**TAR NC Methodology = Capacity Weighted Distance (CWD)**

If other method selected: comparison with the chosen methodology must be provided

2 types of tariffs

### Transmission tariffs

must be capacity based  
can be partly  
commodity based

### Non-transmission tariffs

must be charged to the  
beneficiaries

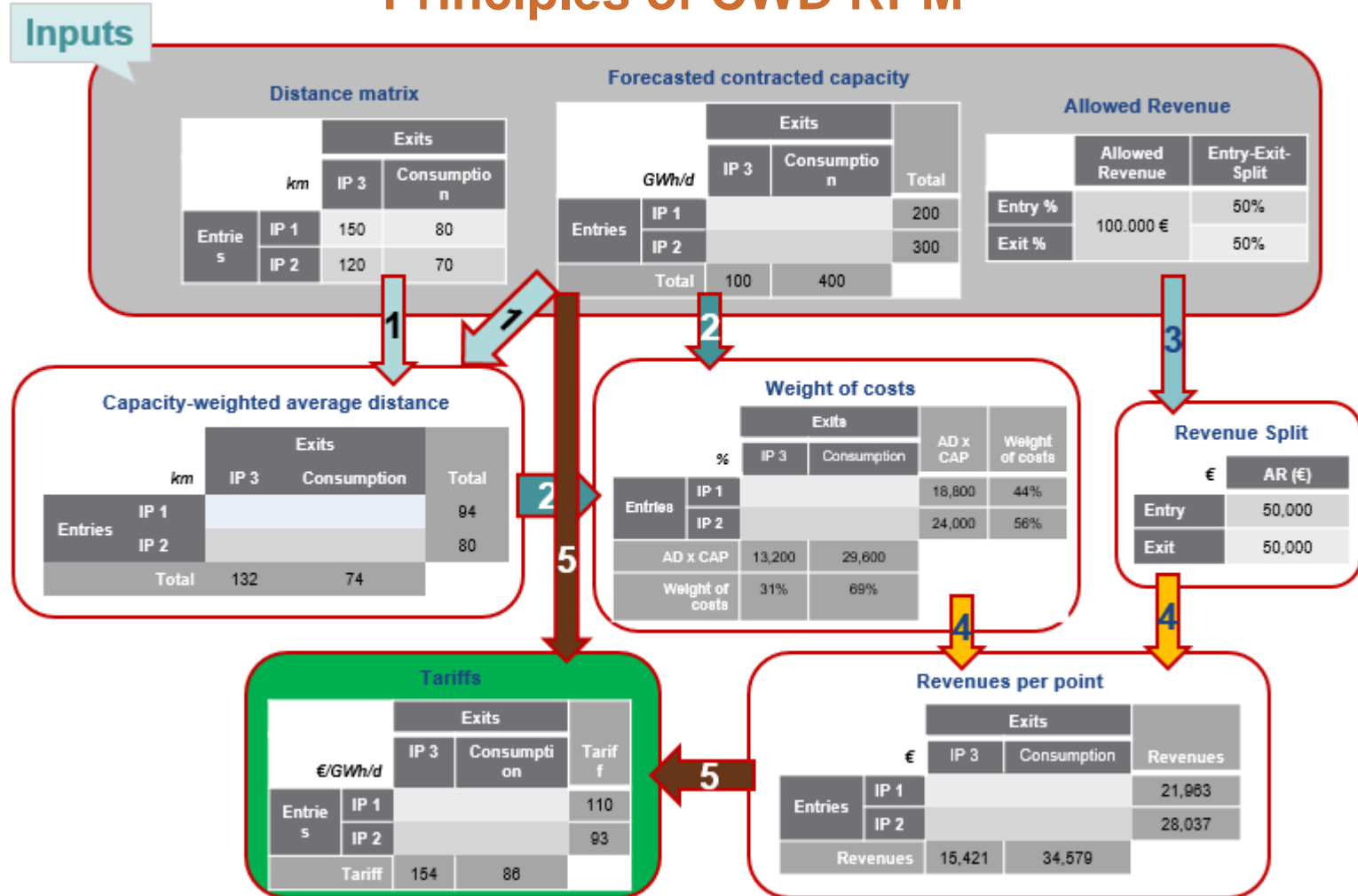
Minimise cross-subsidiations in tariffs between  
**intra-system** and **cross-system** network uses -> mandatory tests





# TAR NC - REMINDER HIGHLIGHTS

## Principles of CWD RPM



**CWD Method: share of the allowed revenue to be collected from each Entry or Exit points should be proportionate to its contribution to the cost of the system's capacity and to the distance between it and all Exit points or all Entry points.**



# TAR NC - REMINDER HIGHLIGHTS

## Discounts & Equalization

- TAR NC foresees possibility of ‘discounts’, some are mandatory:
  - At Entry-points-from/Exit-points-to storage facilities: the discounts apply to reference prices, and by default must be no less than 50%.
  - At Entry-points-from LNG facilities, and at Entry-points-from/exit-points-to infrastructure ending the isolation of gas transmission systems in certain MS;
- Equalization:
  - where necessary, equalization seeks to ensure the same reference prices at points deemed similar because of their characteristics

# TAR NC - REMINDER HIGHLIGHTS

## Seasonal Factors Main principles



**Mandatory calculation** method for Seasonal Factors, Multipliers and discounts on interruptible

Mandatory caps & floors for Seasonal Factors (SF) and Multipliers (M) :

$$1 < SF \times M_M < 1,5$$

$$1 < SF \times M_D < 3$$

## Cross-subsidization index



Minimise cross-subsidizations in tariffs between intra-system and cross-system network uses

- Cost allocation assessments
- Test on capacity: compare revenues collected on capacity charges for **intra-system** and **cross-system** network uses, taking into account cost drivers for both types of uses
- Calculation and publication of cost allocation comparison index
- If this index is more than 10%, the National Regulatory Authority (NRA) will provide justification.

# TOPICS



- CONTEXT & CONSULTATION PROCESS



- NEW ELEMENT: TARIFF NETWORK CODE



- TARIFF DESIGN 2020-2023



- INDICATIVE REFERENCE TARIFFS



# TARIFF DESIGN

## ALLOWED REVENUE & REG. ACCOUNT

- The definition of the total allowed revenue (composed of operating costs, depreciations, fair margin, cost of debt and use of the regulatory account) is set in accordance with CREG Methodology
- Thanks to low interest rates, efficiency gains and sales efforts, significant positive regulatory account is available and can be returned to tariffs on the following periods
- CREG's Tariff methodology: target regulatory account at end of period fixed at maximum 100M€
  - Target fixed at 100M€ at the end of tariff period 2020-2023:
    - » Very high amount to be returned to tariffs during 2020-2023: ~240 M€!
    - » 100M€ will be necessary to, at least partly, to dampen the effect on tariffs of further reduction of capacity sales in 2024-2027
  - Even if foreseen in Tariff Methodology for maximum 50M€: no utilization of regulatory account to finance investments was foreseen in the indicative tariffs of this consultation



# TARIFF DESIGN ALLOWED REVENUE

=> The allowed revenue is significantly decreasing mainly thanks to:

- lower OPEX (thanks to efficiency efforts made and supplementary targets as set in CREG Methodology);
- a maximum target level of the regulatory account at the end of the period of 100M€ (i.e. decrease by around 240M€ over the period).

	2020	2021	2022	2023	2020-2023
Allowed revenue	301.906.532€	302.756.944€	299.700.589€	302.363.873€	1.206.727.938€

*Allowed revenue for the tariff period 2020-2023*

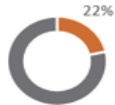


# TARIFF DESIGN

## RPM

- TAR NC defines two categories of services: Transmission and non transmission services

- Non transmission: no changes in methodology => stable tariffs



Share of Non Transmission services in Auth. Rev.

- Transmission: RPM to be proposed

- Proposed Reference Price Methodology (“RPM”) for transmission services:

- TAR NC defines the CWD RPM to derive reference prices from the allowed revenue.

- Fluxys Belgium proposes to apply the CWD Method as RPM of the TAR NC (cost drivers: pipeline distance & forecasted capacity), as it is the reference of the TAR NC and best meets the requirements in terms of cost-reflectivity, non-discrimination, and avoids undue cross-subsidiation.





# TARIFF DESIGN

## E/E split, Equalization and Discounts

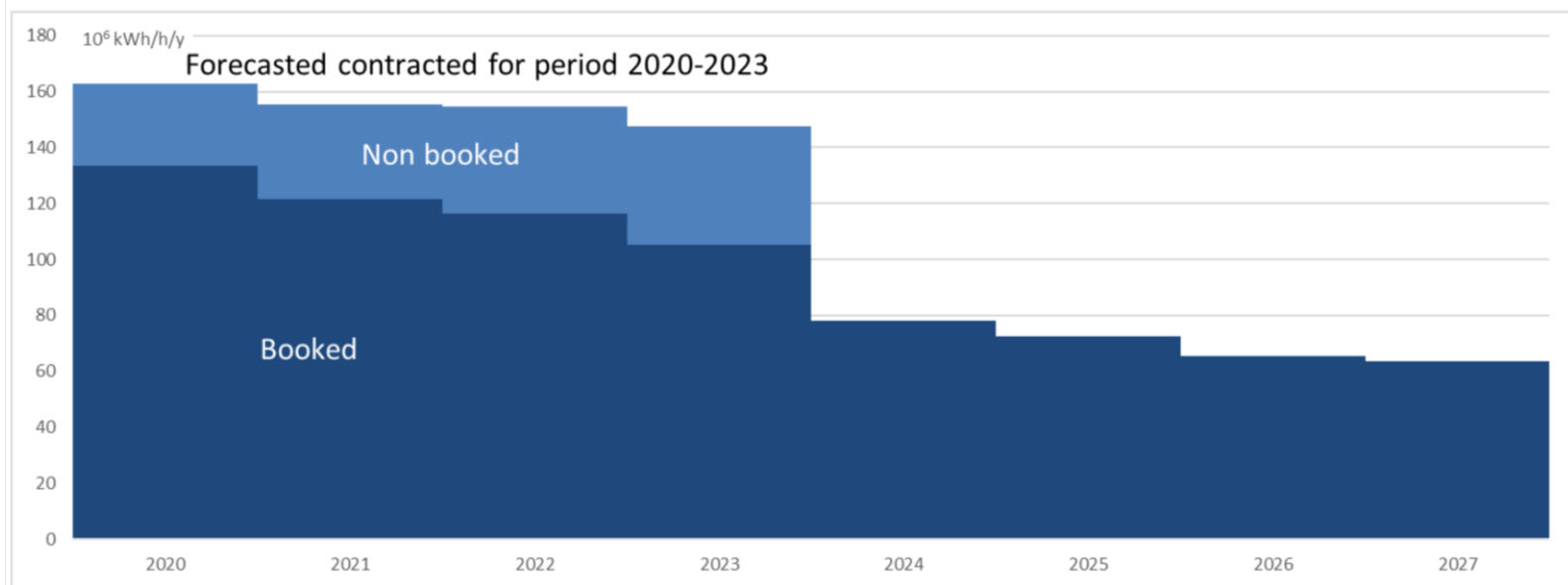
- The proposed CWD RPM is applied with an Entry/Exit split of 33/67;
  - Close to current E/E split: avoid unnecessary fluctuations of Entry Tariffs and related contractual step-out
- Tariff profile within the period is based on indexation: tariffs of years 2, 3 and 4 are inflated using CPI of May of year-1;
  - => Tariff will be known for year N+1 at time of annual yearly auctions 1<sup>st</sup> Monday of July
- In accordance with the Belgian Gas Law, the following adjustments (called “equalization” in TAR NC) are made:
  - all tariffs for Entry services are equalized; and
  - all tariffs for Exit services domestic points are equalized;taking into account a differentiation based on the difference in GCV of low versus high calorific zone
- The proposed discounts at Entry and Exit points from/to Loenhout are:
  - 50% discount at Entry point from the Loenhout storage facility in accordance with Article 9;
  - 100% discount at the Exit point to the Loenhout storage facility as it is already the case today
- No discount on LNG Entry/Exit



# TARIFF DESIGN

## Forecasted Contracted Capacity

- Forecasted contracted capacity at Entry and Exit points are showing a decreasing trend due to the gradual end of LT contracts and the partial replacement by ST bookings:



*Overview of forecasted contracted capacities on IPs – 10<sup>6</sup> kWh/h*

- Estimation of forecasted contracted capacity is becoming more and more difficult due to “shortermism”

# TOPICS



- CONTEXT & CONSULTATION PROCESS



- NEW ELEMENT: TARIFF NETWORK CODE



- TARIFF DESIGN 2020-2023



- INDICATIVE REFERENCE TARIFFS



# INDICATIVE EXPECTED REFERENCE TARIFFS (2020) - ENTRY

- CWD Method with an E/E split of 33/67 leads to a small increase of the Entry capacity tariffs (expected for Loenhout):

ENTRY		Tariffs in €/kWh/h/year			2020 tariff vs 2019 inflated
Border with	Interconnection Point	2018	FC 2019	2020	
France	<b>Virtualys</b>	0,732	0,744	0,778	3,0%
Germany	<b>Eynatten 1</b>	0,732	0,744	0,778	3,0%
	<b>Eynatten 2</b>	0,732	0,744	0,778	3,0%
The Netherlands	<b>'s Gravenvoeren</b>	0,732	0,744	0,778	3,0%
	<b>Zandvliet H</b>	0,732	0,744	0,778	3,0%
	<b>Zelzate 1</b>	0,732	0,744	0,778	3,0%
	<b>Hilvarenbeek L</b>	0,845	0,859	0,897	2,9%
United Kingdom	<b>IZT</b>	0,732	0,744	0,778	3,0%
Zeebrugge Area	<b>Zeebrugge</b>	0,732	0,744	0,778	3,0%
Norway	<b>ZPT</b>	0,732	0,744	0,778	3,0%
LNG Terminal	<b>Dunkirk LNG Terminal</b>	0,732	0,744	0,778	3,0%
	<b>Zeebrugge LNG Terminal</b>	0,732	0,744	0,778	3,0%
Storage	<b>Loenhout</b>	0,732	0,744	0,389	-48,5%

*Comparison of Entry tariffs in current and next tariff period*

*Discount on Entry storage: 50%, no discount on Entry LNG*

*Tariffs for 2019 are a forecast based on an indexation of 1,60%.*

*Last column in the table below shows a comparison of the reference prices for 2020 also inflated using an indexation of 1,60%*

# INDICATIVE EXPECTED REFERENCE TARIFFS (2020) - EXIT IPs



- ... and a decrease of the Exit capacity tariffs at IPs:

EXIT		Tariffs in €/kWh/h/year			2020 tariff vs 2019 inflated
Border with	Interconnection Point	2018	FC 2019	2020	
France	<b>Virtualys</b>	1,606	1,632	1,309	-21,1%
	<b>Blaregnies L</b>	1,639	1,665	1,505	-11,0%
Germany	<b>Eynatten 1</b>	2,906	2,952	1,516	-49,4%
	<b>Eynatten 2</b>	2,906	2,952	1,516	-49,4%
The Netherlands	<b>Zelzate 1</b>	1,903	1,933	0,977	-50,3%
	<b>Zelzate 2</b>	1,903	1,933	0,977	-50,3%
United Kingdom	<b>IZT</b>	2,906	2,952	0,813	-72,9%
Zeebrugge Area	<b>Zeebrugge</b>	2,906	2,952	0,813	-72,9%
Storage	<b>Loenhout</b>	0,000	0,000	0,000	-

*Comparison of Exit tariffs in current and next tariff period*



# INDICATIVE EXPECTED REFERENCE TARIFFS (2020) – Domestic EXIT

- ... and a slight decrease of tariffs for HP Domestic Exits:

OTHER TRANSMISSION SERVICES	Tariffs in €/kWh/h/year			2020 tariff vs 2019 inflated
	2018	FC 2019	2020	
Domestic HP H-grid	1,059	1,076	1,086	-0,6%
Domestic HP L-grid	1,221	1,241	1,253	-0,6%

*Comparison of other transmission services tariffs in current and next tariff period*

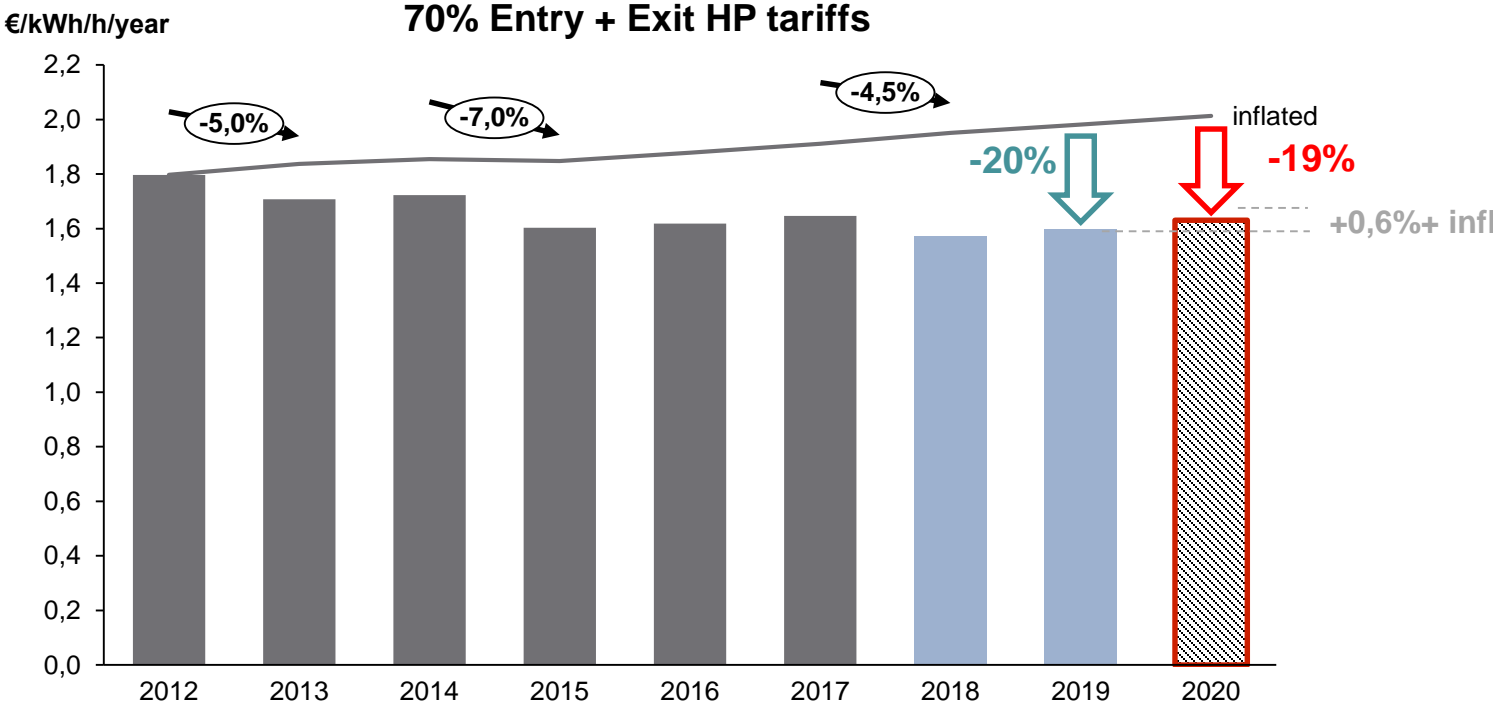
- Meaning for end-customers directly connected to Fluxys Belgium's network a very limited increase when combining Entry and Exit tariffs
  - after a ~20% decrease when compared to the tariff applicable in 2010 (inflated to 2020):

Tariff evolution 2010-2020	2010 tariff inflated to 2020	FC 2019	2020	2020 tariff vs 2010 inflated	2020 tariff vs 2019 inflated
70% Entry + Domestic HP H-grid	2,095	1,597	1,631	-22,1%	0,6%

*Evolution of tariff for the period 2010-2020 for the delivery of gas to a customer connected on Fluxys Belgium's network*



# Indicative 2020 Domestic Tariffs are still benefitting of the successive tariff reductions of the past





# COMMODITY TARIFF

- Fluxys Belgium applies a commodity fee (the so-called Energy In Cash) which will still be charged to reflect the limited variable costs related to gas transmission.
- This fee is kept unchanged compared to the currently applicable tariff, i.e. 0,08% of the allocated quantities at the Gas Price Reference, as published on Fluxys Belgium website.





# COST ALLOCATION ASSESSMENT

- As requested by Article 5 of TAR NC, the TSO must perform a Cost Allocation Assessment (“CAA”) relating to the transmission services revenue to be recovered by capacity-based transmission tariffs (based on the cost drivers of the chosen methodology);
- The CAA indicates the degree of cross-subsidiation between intra-system and cross-system network use based on the RPM.
- Applied to our case, the calculated indexes with the corresponding annual values for the following years related to the proposed tariffs stay well below the 10% threshold so no further justification is required:
  - Ranging between 0,1% and 3,2% for 2020 to 2023



# INDICATIVE EXPECTED TARIFFS NON-TRANSMISSION SERVICES

- The indicative tariffs for non-transmission services are expected to remain stable (less than 1% increase compared to 2019 tariffs indexed):

NON TRANSMISSION SERVICES	2020 Indicative tariffs	Unit
Reduced Pressure Service H-Grid	0,629	€/kWh/h/year
Reduced Pressure Service L-Grid	0,725	€/kWh/h/year
Odourisation		
H	0,090	€/MWh
L	0,104	€/MWh
Quality conversion		
H->L base load	3,530	€/kWh/h/year
L -> H	1,337	€/kWh/h/year
Zeeplatform		
2 points	78680	€/year
3 points	118020	€/year
4 points	157360	€/year
Wheelings		
Zelzate	0,439	€/kWh/h/year
Eynatten	0,574	€/kWh/h/year
Hub services		
Fix	7632	€/year
Variable	0,0019	€/MWh

*Indicative tariffs for non-transmission services*

- Medium Pressure Service (“MP”) and Dedicated Pressure Reduction Service (“DPRS”) merged into one single new “Reduced Pressure Service” (“RPS”). The tariff for the RPS will be similar to the current tariffs for MP and DPRS:

NON TRANSMISSION SERVICES	Reference price in €/kWh/h/year
	2020 - Firm
Reduced Pressure Service H-Grid	0,629
Reduced Pressure Service L-Grid	0,725

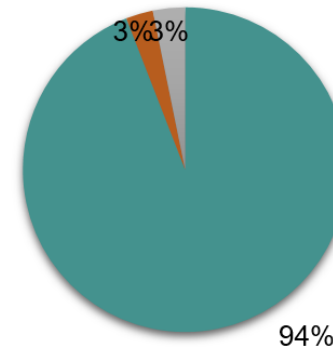
*Indicative tariffs for non-transmission services – Year 2020 - €/kWh/h/y*



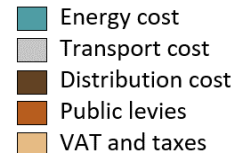
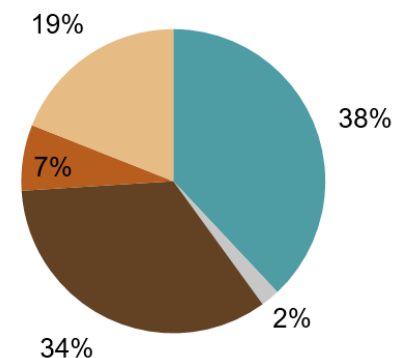
# SHARE OF FLUXYS BELGIUM'S TARIFFS IN THE FINAL CUSTOMER INVOICE (source CREG 2018)

- The share of the Fluxys Belgium transmission costs in the gas invoice of the industrial end users directly connected to the network represent about 2 to 3% of the amount on the total invoice.
- The part of the transmission costs on the gas invoice for residential customers (connected on the distribution network of a Distribution System Operators) will only represent 2% of the amount on the total invoice (approximately 40 euros/year for a gas consumption of 23,260 kWh/year).

Industrial end users  
(>10 GWh/year)



Final residential customers  
(23,260 kWh/year)



# Wrap-up

- TAR NC entered into force
- Thanks to efforts made (efficiency, sales, ...) and low interest rates,
  - Total Authorized revenue is decreasing,
  - 240M€ can be given back to tariffs for the next period
    - » 100M€ remaining for next period to contribute to, at least partly, dampen the effect on future tariffs of decreasing capacity sales
- Enabling compensation of decreasing capacity sales and a smooth transition to TAR NC world
  - Within the 10% limit of the X-subsidization intra/cross system uses

Comments are welcome till 07/12/18 at the latest

# Agenda

1. Transmission tariffs for period 2020 – 2023
2. CREG consultation
3. Storage tariffs for period 2020 – 2023

## Coffee Break

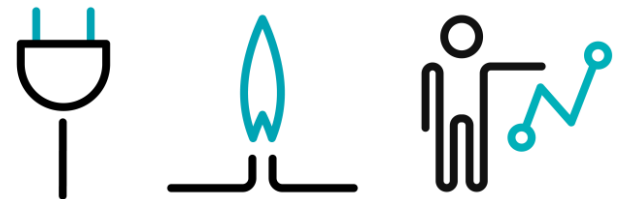
4. Changes in Access Code for Transmission
5. VIP update
6. Planning and closing remarks

# Consultation on discounts, multipliers and seasonal factors

**BRUSSELS, FLUXYS BELGIUM**

Tom Maes

24 October 2018



# Table of content

1. Legal basis
2. Multipliers and seasonal factors for non-yearly products
3. Discounts for interruptible capacity products
4. Timing

# Legal basis = Article 28 of TAR NC

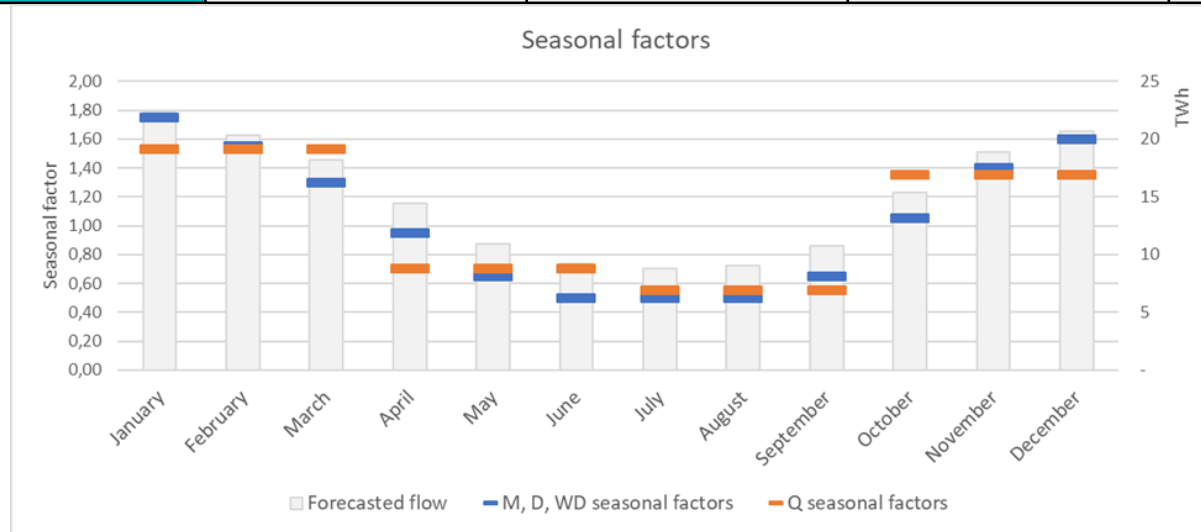
- Who? National regulatory authority's responsibility
- Whom? Consultation with NRAs of all directly connected Member States and the relevant stakeholders
- What? Multipliers, seasonal factors and discounts
- When? At the same time as the final consultation of art. 26(1)
- How? Motivated decision, taking into account:
1. Consultation responses
  2. Number of principles



# Multipliers and seasonal factors

Multiplier = 1,45 for non-annual products

	J	F	M	A	M	J	J	A	S	O	N	D
Month / Day / Within-day	1,75	1,55	1,30	0,95	0,65	0,50	0,50	0,50	0,65	1,05	1,40	1,60
Quarterly	Q1 = 1,53			Q2 = 0,70			Q3 = 0,55			Q4 = 1,35		



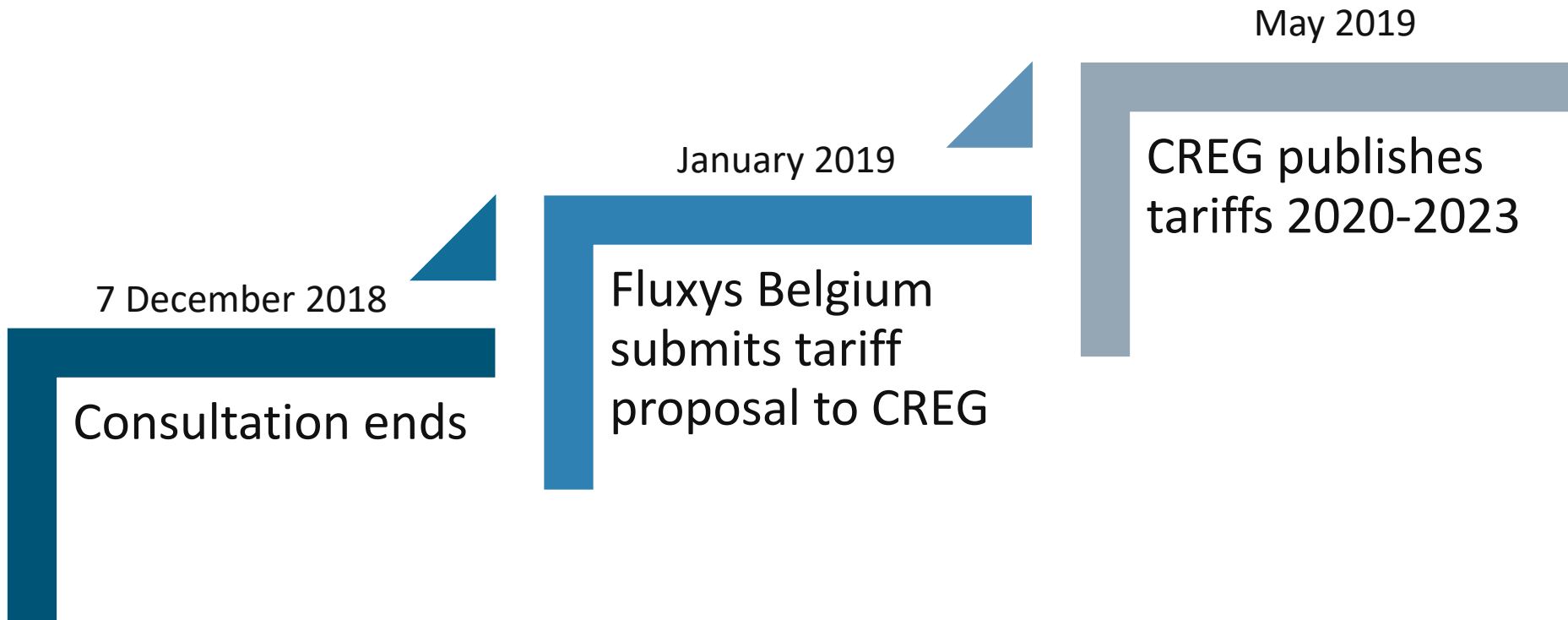
**Average over the year = 1,48 (< limit TAR NC)**

# Discounts

10% discount for interruptible capacity

No discounts in application of art. 9(2)

# Timing



<https://www.creg.be/fr/consultations-publiques/projet-de-decision-sur-les-rabais-multiplicateurs-et-facteurs-saisonniers>

# CREG



Commission for Electricity and Gas Regulation

# Agenda

1. Transmission tariffs for period 2020 – 2023
2. CREG consultation
3. Storage tariffs for period 2020 – 2023

## Coffee Break



4. Changes in Access Code for Transmission
5. VIP update
6. Planning and closing remarks

# CONSULTATION ON STORAGE TARIFFS FOR 2020-2023

## CONSULTATION

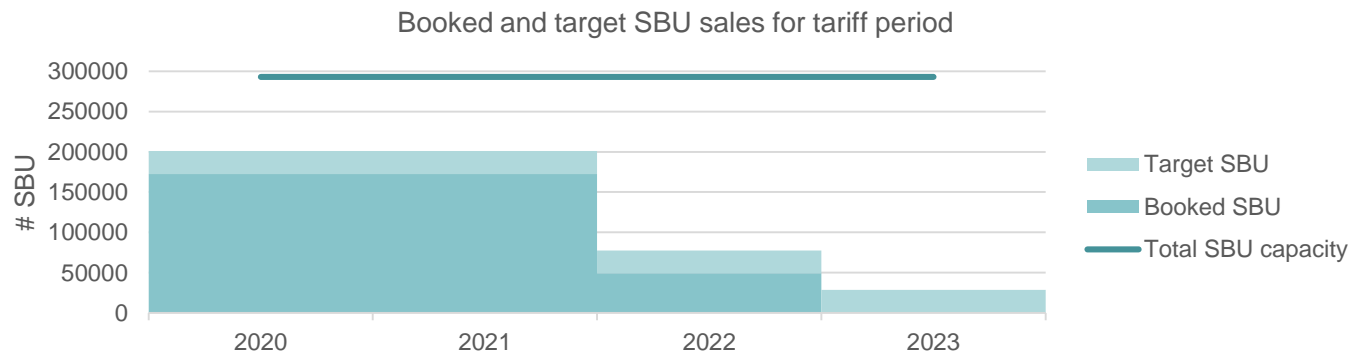
- Storage tariffs for tariff period 2020-2023
- From 23<sup>rd</sup> October to 22<sup>nd</sup> November 2018
- All information on Fluxys Belgium website

## TARIFF TARGET

- **Stable tariffs** - Tariffs 2020-2023 = Tariffs 2019 indexed

## BY MEANS OF

- Lower allowed revenue
  - Lower operational costs thanks to efficiency efforts
  - RAB decreasing
- Target of extra sales on top of long term contracts: ~20M€ extra sales to be realized



- Full use of regulation account

## REACTIONS

- Email to [marketing@fluxys.com](mailto:marketing@fluxys.com) before 22<sup>nd</sup> November 5.00 PM



# Agenda

1. Transmission tariffs for period 2020 – 2023
2. CREG consultation
3. Storage tariffs for period 2020 – 2023

## Coffee Break



4. Changes in Access Code for Transmission
  - Simplification of services
  - Substitution services
  - Domestic entry services
  - Technical adjustments
5. VIP update
6. Planning and closing remarks





# SIMPLIFICATION OF SERVICES

## Aim of our SIMPLIFY project is to:

- Streamline channels along which products & services are sold
- Enable more short term bookings
- Simplify booking processes for shippers

### Realized so far

#### PRISMA becomes our most important sales channel

- ✓ *New products via FCFS: Zeebrugge, Zeebrugge LNG Terminal, Dunkirk LNG Terminal, Zelzate 2, ZPT*
- ✓ *Reduced lead time for assignments from 4 to 2 Business Days*
- ✓ *Booking of OCUC and Wheeling using PRISMA*

### Proposal ongoing consultations (#30 & 31)

#### 1 Extend our offer at PRISMA

- ✓ *End User Domestic Points*
- ✓ *Quality Conversion Services L → H*

#### 2 Enable more short term bookings

- ✓ *Enlarge window for Interruptible sales through overnomination*

#### 3 Simplify booking process for shippers

- ✓ *Merge MP and DPRS service → Reduced Pressure Service*

We aim at a roll-out of changes by 1/4/2019  
Reduced Pressure Service requires tariff modification → 1/1/2020

# OCUC and Wheeling subscription<sup>1</sup> through PRISMA



Transfer to PRISMA comes with **2 improvements**:

- It will be possible to convert entry and exit services into OCUCs or Wheelings on a **day-ahead basis**
- Services newly acquired in the **last 15 days** will be eligible

Implementation of those improvements already as from 1 October 2018 for a test period, while consulting the market on related changes to the Access Code



- 1 Select Network Points**
  - Defined entry and exit IP combinations
- 2 Select deal**
  - Newly<sup>2</sup> acquired capacity in the last 15 Days on the Primary market
  - Service Period of entry and exit service should be the same and at least 1 Gas Day
- 3 Specify capacity amount**
  - Amount between 1 kWh/h and the minimum between its subscribed Entry and Exit Services
- 4 Confirm**
  - PRISMA is communicating this information to our back-end system that is processing & confirming the Network Users request
  - Linking till 2 full hours before the start of the Service Period

<sup>1</sup> Video created in order to explain concept: FLUXYS BELGIUM: <http://www.fluxys.com/belgium/en/Services/Transmission/Subscribing/subscribing>  
PRISMA: <https://www.youtube.com/watch?v=V9SQy9rDT5U&feature=youtu.be>

<sup>2</sup> For the avoidance of doubt newly acquired Services in the framework of Substitution Services are not eligible for linkage



# 1 Extend offer at PRISMA

Sales channel	Allocation method	SERVICES		Duration
PRISMA	Auction	Entry and Exit Services on IPs, VIPs & LNG Terminals	Blaregnies L	Y, Q, M, DA, WD
			Eynatten 1	
			Eynatten 2	
			Hilvarenbeek L	
			IZT	
			's Gravenvoeren	
			Virtualys	
			Zandvliet H	
			Zelzate 1	
	FCFS	Zeebrugge	Any duration	
		Zelzate 2		
		ZPT		
		Zeebrugge LNG Terminal		
		Dunkirk LNG Terminal		
		Capacity Conversion Service (unbundled to bundled)	Y, Q, M, DA	
		Conversion into Short haul Services (OCUC and Wheeling)	Y, Q, M, DA	
		Quality Conversion Service L→H	Min 1 GD	
		Exit Service for End Users Domestic point	Min 1 GD	
		Entry Service for End Users Domestic point	Y	
Implicit		Entry and Exit Services on Loenhout	Not applicable	
		Exit Service for Distribution Domestic point	Not applicable	
		Entry Service for Distribution Domestic point	Not applicable	
Written only	Pro rata and FCFS	Quality Conversion Service H→L		Multi Y, Y and B-o-Y
	Not applicable	Other Services	Zee Platform	Not applicable
	ZTP Trading Services			
	Imbalance Pooling Service			
	L/H Capacity Switch Service			
		Diversions Service		



# 1 Extend offer at PRISMA

**QCS L→H**

- Year and multi-year products: subscription window (written)
- After subscription window: min 1 gas day (EBS and written)

**QCS L→H**

- No longer subscription window
- **FCFS bookings** for min **1 gas day**
- PRISMA<sup>1</sup>

Sales channel	Allocation method	SERVICES	Duration
PRISMA	FCFS	Quality Conversion Service L→H	Min 1 GD
PRISMA	FCFS	Exit Service for End Users Domestic point	Min 1 GD
		Entry Service for End Users Domestic point	Y

**Exit on End User Domestic points**

- Products (min 1 gas day) offered via EBS
- In case change in composition of Network Users at Domestic Point, the Allocation Agreement should be adapted before the booking could be executed

**Exit on End User Domestic points**

- PRISMA
- Current AA ≠ future booking situation => FLX will **mail<sup>2</sup> network user** and **apply default allocation rule<sup>3</sup>**

**Entry on End User Domestic points**

- See Entry Services on Domestic Points

<sup>1</sup> Written procedure as fallback, as for all other services – No WD products

<sup>2</sup> We will built in targeted email, insofar possible to exclude cases of “simple” prolongation

<sup>3</sup> In case no approved AA available TSO will apply a proportional allocation based on the subscribed capacity of the concerned Network Users



## 2 Enable more short term bookings

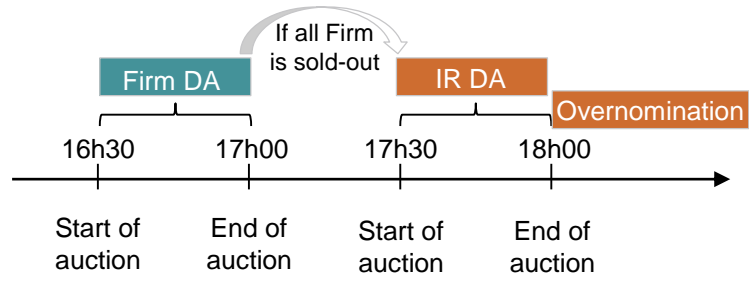
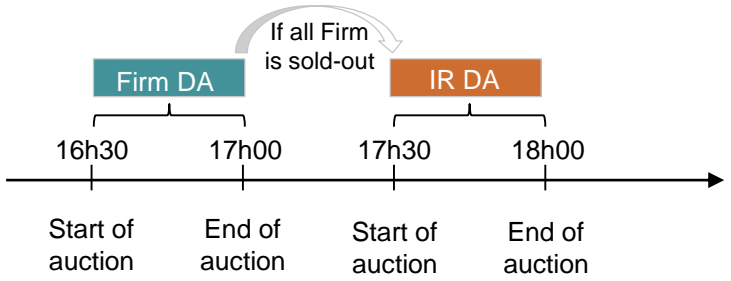
### Enlarge window for IR sales through overnomination

#### AS IS

#### TO BE

- Day ahead IR capacity offered through auctions during one single IR auction (17h30-18h)
- No WD auctions for interruptible capacity

- “Overnomination” principle allows to sell IR after the IR auction
- Difference between
  - Nomination which could be covered by booked firm and available IR and
  - Subscribed capacity (firm + IR)
- ON capacities are charged for the entire day (same principle as ex ante WD booking) and at the IR tariff based on the nominated quantities
- Only available where and when firm is sold-out
- Furthermore, it could be activated anytime as a fall-back for PRISMA → elegant and **reactive solution** if **PRISMA is down** to allow shippers accessing capacity



# MODIFICATIONS IN REGULATED DOCUMENTS



Document	Art	Proposal
ACT Att A	3.1 Entry and Exit Services	<ul style="list-style-type: none"> <li>MP and DPRS → Reduced Pressure Service as from 1/1/2020</li> </ul>
	3.2 Short haul Services	<ul style="list-style-type: none"> <li>Regrouping of Short haul Services (Wheeling, OCUC, Zee Platform)</li> </ul>
	6.2.1 Monthly Capacity Fee	<ul style="list-style-type: none"> <li>Includes also Services which were implicitly allocated through overnomination + MP and DPRS → Reduced Pressure Service as from 1/1/2020</li> </ul>
ACT Att B	3.1 Subscription of Services	<ul style="list-style-type: none"> <li>Updated list of services with its sales channel, allocation method and product duration</li> </ul>
	3.3.4 Conversion of Entry and Exit Services into Wheeling and OCUC	<ul style="list-style-type: none"> <li>Description of “Linking” procedure on PRISMA</li> </ul>
	3.7.5 Services implicitly allocated through overnomination	<ul style="list-style-type: none"> <li>Description on how and when services are implicitly allocated through overnomination</li> </ul>
ACT Att C	3.2.2 Network User Daily Transmission Notice (SDT)	<ul style="list-style-type: none"> <li>Description of activation of overnomination</li> </ul>
ACT Att E	2.1.3 Monitoring of Transmission Services	<ul style="list-style-type: none"> <li>Includes also Services implicitly allocated through overnomination</li> </ul>
	2.2.1 Interruptible Capacity	<ul style="list-style-type: none"> <li>Includes also Services implicitly allocated through overnomination</li> </ul>
TP		<ul style="list-style-type: none"> <li>Update description of services with its sales channel, allocation method and product duration</li> <li>Description of linking and overnomination</li> </ul>

We aim at a roll-out of changes by 1/4/2019 – pre-notice of 4 weeks included in reg docs

# Agenda

1. Transmission tariffs for period 2020 – 2023
2. CREG consultation
3. Storage tariffs for period 2020 – 2023

## Coffee Break



4. **Changes in Access Code for Transmission**
  - Simplification of services
  - **Substitution services**
  - Domestic entry services
  - Technical adjustments
5. VIP update
6. Planning and closing remarks

# SUBSTITUTION SERVICES

- Reshuffling service

- Reshuffling service was aimed at being offered only once in 2018 → service removed from offer

- Diversion service

- Following the feedback received from the market since the introduction of the service, we propose to adjust the service as follows :

- Remove the included obligation to surrender the existing contract
- Allow the diversion request to be made up to 2 business days after the new capacity has been acquired
- Extend the service to OCUC contracts
- Define the period when a contract is diverted towards an interconnection Point sold FCFS (min 30 days)

- L/H Capacity switch service

- To be offered next time prior to yearly auctions 2019 taking into account % of L-gas market converted to H-gas on 1<sup>st</sup> June 2019
- Same changes as for diversion are considered for an upcoming consultation together with changes related to market feedback

Already offered  
since 25/09 in test  
phase for deliveries  
as from 1/10



# MODIFICATIONS IN REGULATED DOCUMENTS



Document	Art	Proposal
<b>ACT Att A</b>	3.6 Substitution Services	<ul style="list-style-type: none"> <li>• Contracts substituted cannot be converted to OCUC</li> <li>• Reshuffling Service is removed</li> <li>• Diversion Service is reviewed (surrender obligation removed, extended to OCUC)</li> <li>• L/H Capacity Switch : alignment on gas year option removed</li> </ul>
<b>ACT Att B</b>	3.6.6 Substitution Services	<ul style="list-style-type: none"> <li>• Reshuffling Service is removed</li> <li>• Diversion Service is reviewed (surrender obligation removed, lie time for request changed)</li> </ul>
<b>STA</b>	Att.3 : Definitions	<ul style="list-style-type: none"> <li>• Reshuffling Service is removed</li> </ul>
<b>TP</b>	3.7 Substitution Services	<ul style="list-style-type: none"> <li>• Reshuffling Service is removed</li> </ul>

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# THREE CONNECTION TYPES FOR INJECTION

## 1. Direct injection TSO

- Similar to end user connected to Fluxys network but for injection



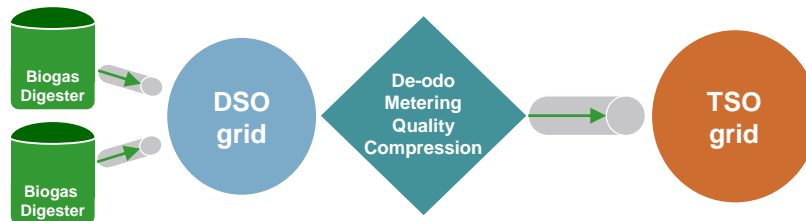
## 2. Virtual Backhaul DSO

- Production plant connected to DSO grid
- Local DSO grid has sufficient demand
- Similar to end user (S30) connected to DSO network but for injection



## 3. Physical Backhaul DSO

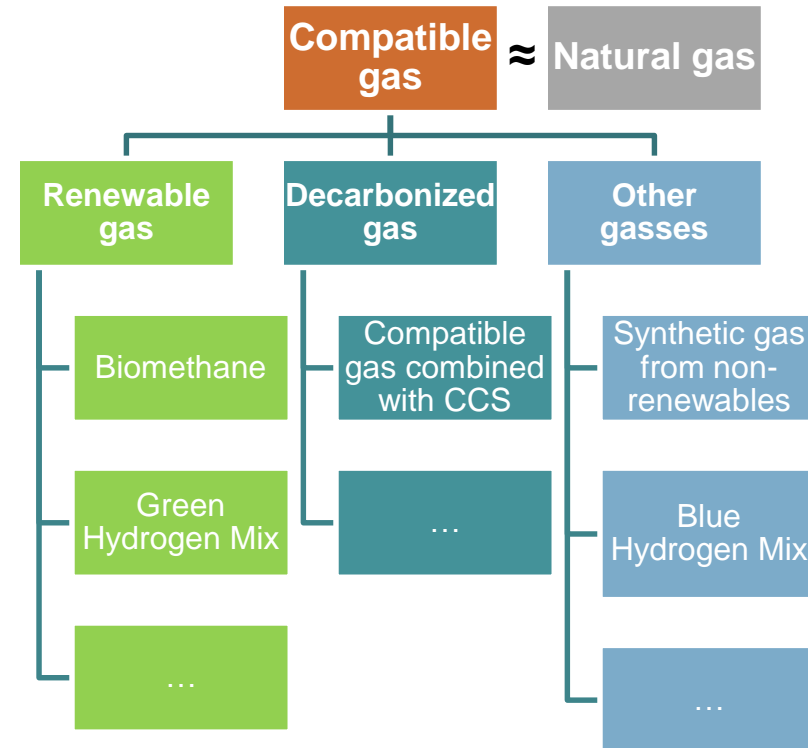
- Production plant connected to DSO grid
- Local DSO grid has insufficient demand  
→ physical back flow required



- Today, only virtual backhaul is supported in the market model
- As we expect new projects for injection of biomethane in the near future we want to facilitate the other connection types in the market model

# NEW DEFINITIONS

- **“Natural gas”**: not limited “from underground origin” as today in STA/ACT
- **“Compatible Gas”**
  - Gasses compliant with the quality requirements of Natural Gas (att.C4) before injection or after mixing on the network
  - Consequently Compatible Gas follows the rules of Natural gas in ACT
  - We avoid possible incompatibility with other documents (e.g. COCII, ...) where “Natural gas” is used.
- **“Renewable gas”**: Compatible Gas from renewable sources (following EU rules in the Renewable Energy Directive)
- **“Decarbonized gas”**: Compatible Gas that has received a decarbonized status (following EU rules applicable)



# ENTRY SERVICE ON DOMESTIC POINTS

In order to further facilitate several types of injection of all sorts of compatible gasses for the coming years, we have to introduce :

- Entry Transmission Services on Domestic Points.

Domestic Points	Zone	Entry Transmission Services			Exit Transmission Services		
		Firm	Back haul	Interruptible	Firm	Back-haul	Interruptible
End User Domestic Point	H of L	X	-	-	X	-	O <sup>(1)</sup>
Distribution Domestic Point	H of L	-	X	<b>NEW</b>	X	-	<b>EXISTING</b>

- Capacity subscription / allocation of these Entry Services
  - On End User Domestic Point: explicit yearly booking FCFS via Prisma <sup>(2)</sup>
  - On Distribution Domestic Point: implicit capacity allocation based on 12-month rolling peak metering
- Tariffs on these Entry Services
  - Firm and backhaul tariffs will be aligned with Entry tariff on IP's
  - At this stage Fluxys **will not apply these tariffs** to support market renewable gasses development
- Connection agreements for Injection on Fluxys network will be established when projects are realized. (not expected before 2020)

<sup>(1)</sup> when Firm exhausted ; <sup>(2)</sup> no capacity exceeding at this stage

# MODIFICATIONS IN REGULATED DOCUMENTS

Document	Art	Proposal
ACT Att A	3.1.1. Entry Service on Domestic Points	<ul style="list-style-type: none"> <li>introduction of service (capacity type, rate type) for End-user and Distribution Domestic Points</li> </ul>
ACT Att B	3.1 Capacity subscription of Entry Service on End User Domestic Point	<ul style="list-style-type: none"> <li>FCFS via Prisma, on yearly basis</li> <li>No capacity exceeding</li> </ul>
	3.7.2 Implicit capacity allocation of Entry service on Distribution Domestic Point	<ul style="list-style-type: none"> <li>Implicit capacity (IC) is sum 12-month rolling peak metered allocation of producer in portfolio network user</li> </ul> $IC_{m,S30,g} = \sum_{\text{All } pr \text{ of } g} PMV_{m,pr,S30}$ $PMV_{m,pr,S30} = \max_{\text{last 12 months}} (XEM'_{h,pr,S30})$
ACT Att C1	5.1.3 Allocations on Distribution Domestic Point	<ul style="list-style-type: none"> <li>Entry energy allocation is equal to telemetered entry energy of network user</li> <li>Telemetered entry energy is sum of injected energy metering of producers of network user</li> <li>TEEM (on ARS) is taken into account in Exit allocation on distribution domestic points</li> </ul> $EEA_{h,g,ARS} = TEEM_{h,ARS,g}$ $TEEM_{h,ARS,g} = \sum_{\text{The Network User}} TItEM_h$
STA, TP	General	<ul style="list-style-type: none"> <li>Definition of Entry Services for Domestic Points, Producer, Injection, Compatible, Renewable Gas, decarbonized Gas</li> <li>Introduction of Entry Service on Domestic Points</li> </ul>
Att C4	Quality requirements	<ul style="list-style-type: none"> <li>Introduction of quality requirements for injection on domestic points</li> </ul>

Indicative start date for Entry Services on Domestic Points is 1 jan 2020

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# Alignment with Tariff Proposal 2020-2023

Document	Art	Proposal
ACT Att A	6.2.1 Monthly Capacity Fee	<p>As from <b>01/01/2020</b></p> <ul style="list-style-type: none"> <li>Monthly Capacity Fee calculated on an hourly basis instead of a daily basis. A within-day booking will now have a payable price that is the daily tariff pro rata the service runtime. <math>N_{h,y}</math> represents the number of hours in a year.</li> </ul> $= \sum_{\text{all hours } h \text{ of month } m} \left[ MTSR_{h,ts,ct,y,IP,g} \times \frac{T_{ts,ct,IP}}{N_{h,y}} \right]$ <ul style="list-style-type: none"> <li>Introduction of a Non-Yearly Multiplier (NYM) for Seasonal and Short Term Entry Services at Interconnection Points and Exit Services at Domestic Points (all services where seasonal factors are applied). NYM = 1 until 31/12/2019.</li> </ul> $= \sum_{\text{all hours } h \text{ of month } m} \left[ MTSR_{h,ts,ct,s,IP,g} \times \frac{T_{ts,ct,IP}}{N_{h,y}} \times SC_m \times NYM \right]$

**Changes to Seasonal Factors and the addition of the Non-Yearly multiplier are part of a CREG consultation and subject to CREG approval**



# Technical changes

- Recap - Both Plan A and Plan C documents are consulted
- Technical changes
  - Alignment of definitions with EU NCs
  - Upgrade of document structure to ease the readability and improved product descriptions
  - Remove all references to volume contracts
  - STA for Plan A > clauses adjusted to take contractual transition into account

## 7. MODIFICATION OF DOCUMENTS

~~In accordance with the Code of Conduct, the Standard Transmission Agreement, the Access Code for Transmission and the Transmission Program may be changed from time to time upon proposal of the TSO and in accordance with the Code of Conduct. Such changes, after consultation of the market, shall apply both to existing and future installations and extensions thereof to existing and future Service Confirmations after they have been approved by the CREG and on the date of entry into force as determined by the CREG, or absent such specification, by the TSO on its website.~~

## 8. START DATE

The Start Date, on which this ~~Standard Transmission~~ Agreement will enter into force and effect, shall be [●].

This Agreement shall, as from the Start Date, replace any Standard Transmission Agreement entered into between the Parties prior to the date hereof. Upon this Agreement entering into force, any and all services subscribed under any Standard Transmission Agreement entered into between the Parties prior to the date hereof, as evidenced by the Service Confirmations issued thereunder, shall be automatically governed by this Agreement and the relevant Services Confirmations shall be deemed inserted in attachment 1 hereof.

# Agenda

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## Coffee Break



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# UPDATE ON VIPs

## VIP ZTP-TTF

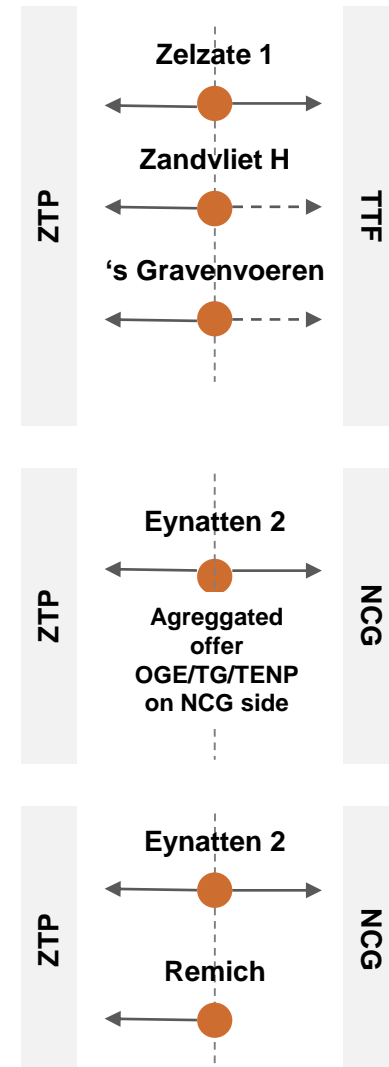
- **No changes in concept** compared to what was consulted in 2017
  - Implementation of VIP-only model – similar to Virtualys
  - Including Zelzate 1, Zandvliet H and 's Gravenvoeren; Hilvarenbeek L out of scope
  - No impact on tariffs due to VIP
- Launch date foreseen in **Q1 2020**
- Subject to CREG approval

## VIP Eynatten

- **VIP on German side of Eynatten 2** between OGE, Thyssengas and Fluxys TENP
- Expected launch date end **Q1/2019** – subject to German TSOs readiness
- **No to limited impact on Fluxys Belgium side** – possible change of EIC code

## VIP Eynatten 2-Remich

- **VIP at Eynatten 2 and Remich** (ZTP <> NCG) between Fluxys Belgium, Creos, OGE, Thyssengas and Fluxys TENP
- Project in **study phase**
- **No launch date known**



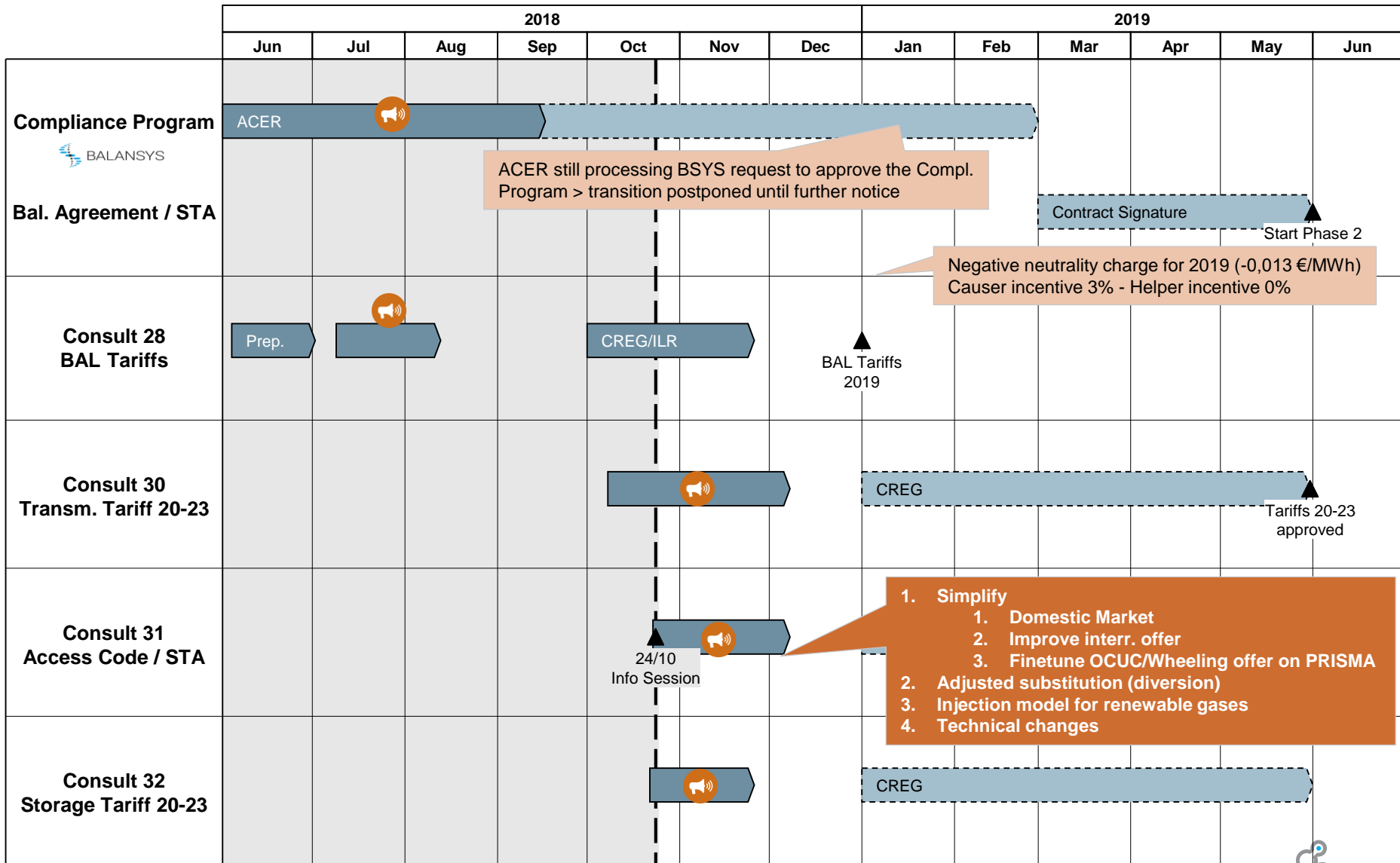
## Agenda > Content of Market Consultation #30-31

1. Transmission tariffs for period 2020 – 2023
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### Coffee Break

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# TIMELINE – MARKET CONSULTATION



# Consultation answers

The screenshot displays the Fluxys Belgium website interface. At the top, there is a search bar, navigation links for 'EN', 'NL', and 'FR', and a 'Contact' link. Below the navigation, there are tabs for 'About natural gas', 'About Fluxys Belgium', 'Services', 'Sustainable development', 'Financial info', and 'Jobs'. The main content area is titled 'Market Consultations' and features two sections:

- Market Consultation 32 : Storage tariffs for the 2020 - 2023 period**  
From 23 October to 22 November 2018 Fluxys Belgium organizes a market consultation over the storage tariffs applicable for the 2020 - 2023 period.  
A link is provided: [Consultation Document on storage tariffs](#)
- Market Consultation 31 : Changes in the Access Code & Standard Transmission Agreement**  
From 23 October to 7 December 2018, Fluxys Belgium organizes a market consultation over improvements to its transmission services with a focus on (i) simplifying booking processes, (ii) enabling the injection of renewable gases into the grid, (iii) finetuning the offer of short haul services, (iv) enlarge interruptible services, (v) adjustments for substitution services, and (vi) several technical improvements.  
This consultation is simultaneously conducted on two sets of documents, as our Balancing activities in the Belux area are still in transition.  
The following document summarizes the changes:  
A link is provided: [Summary of changes](#)

Below these sections, there are links to various documents proposed for consultation, including 'Access Code for Transmission - Attachment A' through 'E', 'Standard Transmission Agreement', and 'Transmission Programme'. A note mentions that Balansys becomes the Balancing operator for the Belux area as of March 2018.

- For transmission tariffs
  - By 8/12 COB
  - Non-confidential version of the response to be foreseen for publication
- For ACT
  - By 8/12 COB
  - Confidential or not
- For storage tariffs
  - By 22/11 COB
  - Confidential or not



[marketing@fluxys.com](mailto:marketing@fluxys.com)

**Don't hesitate to request additional information with your Key Account Manager**

# SUBSCRIPTION WINDOWS FOR YEAR END

- Fix-Flex window for year 2019
  - Choose the fix/flex rate type for Industrials and Power Plants for next cal. year
  - Will open on 26/11 and will close on 14/12 COB
- Storage services for next season
  - For SBUs starting on 15/4/19 & Add. services on yearly basis
  - Will open on 26/11 and will close on 14/12 COB → Allocation of services by 23/12 latest
  - Services available on FCFS basis as from 23/12
- Trans-shipments for year 2019
  - Book ship-to-ship transfers during the 5<sup>th</sup> tank construction phase
  - Will open on 26/11 and will close on 14/12 COB → Allocation of services by 23/12 latest
  - Services available on FCFS basis as from 23/12

THANK YOU FOR  
YOUR ATTENTION!

FLUXYS

