

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY



Transmission programme

Service offer description 2012-2015

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

CONTENTS

CONTENTS	2
DISCLAIMER	3
1 INTRODUCTION	4
2 TRANSMISSION IN BELGIUM	5
2.1 PHYSICAL TRANSMISSION GRID IN BELGIUM	5
2.2 ORGANISATION OF THE BELGIAN GAS MARKET.....	6
2.3 MAIN CHARACTERISTICS OF THE COMMERCIAL MODEL	7
3 SERVICES OFFERED	10
3.1 ENTRY AND EXIT SERVICES ON INTERCONNECTION POINTS	10
3.2 SERVICES AT DOMESTIC EXIT POINTS.....	13
3.3 WHEELING SERVICES	14
3.4 ZEE PLATFORM.....	15
3.5 CAPACITY POOLING	15
3.6 START-UP COMMISSIONING	15
3.7 SERVICE OF GAS QUALITY CONVERSION (H → L).....	16
3.8 SERVICE OF QUALITY GAS CONVERSION (L → H)	16
3.9 SERVICE OF MULTIPLE SHIPPER CODE	16
4 SERVICE SUBSCRIPTION AND ALLOCATION RULES	17
4.1 PRIMARY MARKET	17
4.2 TRADING CAPACITY ON THE SECONDARY MARKET	18
5 OPERATING RULES	19
5.1 NOMINATIONS	19
5.2 METERING AND ALLOCATIONS	19
5.3 DATA TRANSMISSION	20
5.4 GAS QUALITY REQUIREMENTS	21
6 DAILY BALANCING REGIME	22
6.1 GENERAL PRINCIPLES OF MARKET-BASED BALANCING.....	22
6.2 MARKET BASED BALANCING RULES	22
6.3 SETTLEMENTS.....	23
7 CONGESTION MANAGEMENT	25
7.1 PRO-ACTIVE CONGESTION MANAGEMENT POLICY.....	25
7.2 CONGESTION MANAGEMENT PROCEDURE.....	25
8 HOW TO CONTACT US?	26

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

DISCLAIMER

This catalogue (the “transmission programme”) describes certain information regarding the transmission model and the related services offered by Fluxys for the period as from the start of the Entry/Exit model till 2015. Please note that the transmission programme can be amended from time to time pursuant to the code of conduct (Royal Decree of 23/12/2010). In each case Fluxys hereby disclaims any and all responsibility for any changes to the services described in the transmission programme which are independent of its will. Such changes may result from amongst others financial and regulatory constraints defined by the competent regulatory authority or be imposed by the Belgian or European authorities.

Additionally, the information in this transmission programme should not be considered to give rise to any contractual relationship between Fluxys (or any of its affiliated entities) and any interested party.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

1 INTRODUCTION

Fluxys SA has been appointed as the independent operator of both the natural gas transmission grid and storage infrastructure in Belgium (as determined by the Royal decree of 23/02/2010). Fluxys LNG, its subsidiary, operates the Zeebrugge LNG terminal. The company has developed its infrastructure into the crossroads for international gas flows in North-Western Europe.

The gas transmission activities of Fluxys in Belgium, including tariff aspects, are regulated by the Federal Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines (the Gas Act), and supplemented with guidelines on tariffs and on the code of conduct. Fluxys also takes into account the promulgation of the 3rd European energy package and has developed its commercial model and services portfolio taking into account the obligations associated with this regulation¹.

The access to the grid infrastructure is regulated in Belgium. A code of conduct (Royal decree of 23/12/2010) was published establishing the rules for access to the transmission grid, storage- and LNG installations.

Based on the provisions of this code of conduct, a standard transmission agreement (contractual terms and conditions), an access code for transmission (access rules and procedures) and a transmission programme (this document) were drawn up by Fluxys. These documents and the regulated tariffs in force for the various regulated services can be found on the Fluxys website (www.fluxys.com).

This transmission programme is a catalogue which outlines an overview of the Services offered by Fluxys for the period as from the start of the Entry/Exit model till 2015.

This transmission programme is intended for information purposes and includes information that is set out in detail in the access code for transmission. The hereafter described services can be subscribed by signing the standard transmission agreement.

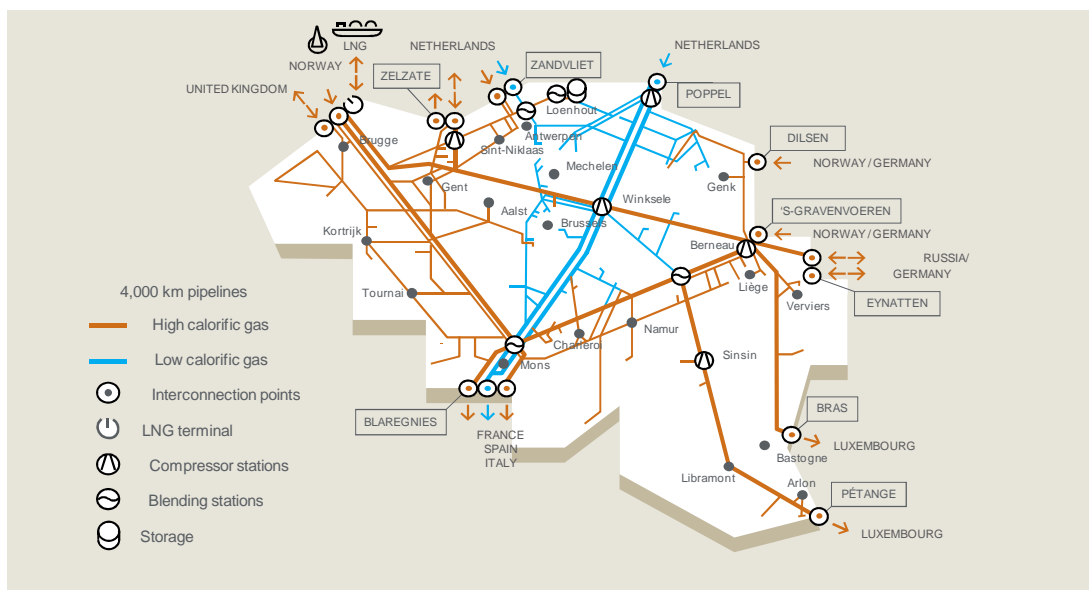
Detailed information related to storage installation at Loenhout or LNG terminal at Zeebrugge and their associate services can be found on the storage programme and the LNG programme respectively on the Fluxys website.

¹ Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

2 TRANSMISSION IN BELGIUM

2.1 PHYSICAL TRANSMISSION GRID IN BELGIUM



The Fluxys transmission grid in Belgium has more than 4,000 kilometres of pipelines and has 18 interconnection points, opening the Belgian grid to natural gas flows from production in the United Kingdom, Norway, the Netherlands, Russia and all LNG producing countries. The Fluxys grid also serves as the crossroad for transmission flows of natural gas towards the Netherlands, Germany, Luxemburg, France, the United Kingdom and Southern Europe.

Pressure is required to move natural gas through a pipeline network. However, pressure gradually drops off due to friction between the natural gas molecules and the pipe walls. The purpose of a compressor station is to maintain pressure in the network. Fluxys owns and operates 5 compression stations spread over its transmission grid, located at Weelde, Winksele, Sinsin, Berneau and Zelzate.

Two different types of natural gas are transported within the Fluxys grid: high-calorific natural gas (H gas or rich gas), and low-calorific natural gas (L gas or Slochteren gas). Each type of natural gas is transported via dedicated interconnection points and through a specific sub-grid (dedicated part of the Fluxys grid), which are operated independently. They are however connected by quality conversion facilities where gas can be transferred from one sub-grid to the other, after quality adjustment of the gas through quality conversion services, such as mixing or nitrogen blending.

The Fluxys transmission grid is also connected to other installations operated by Fluxys or its subsidiaries: the Loenhout underground storage facility and the LNG terminal located in Zeebrugge. The Loenhout underground storage facility is an aquifer storage for high calorific natural gas that provides mainly seasonal storage with high flexibility of usage. The Zeebrugge LNG terminal facilities provide for loading and unloading ships carrying liquefied natural gas (LNG). LNG is stored there temporarily as a buffer in storage tanks and can be regasified and injected into the grid for transmission or loaded back onto LNG ships.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

2.2 ORGANISATION OF THE BELGIAN GAS MARKET

Many parties are active on the Belgian gas market. These parties fulfil one or several of the following roles.

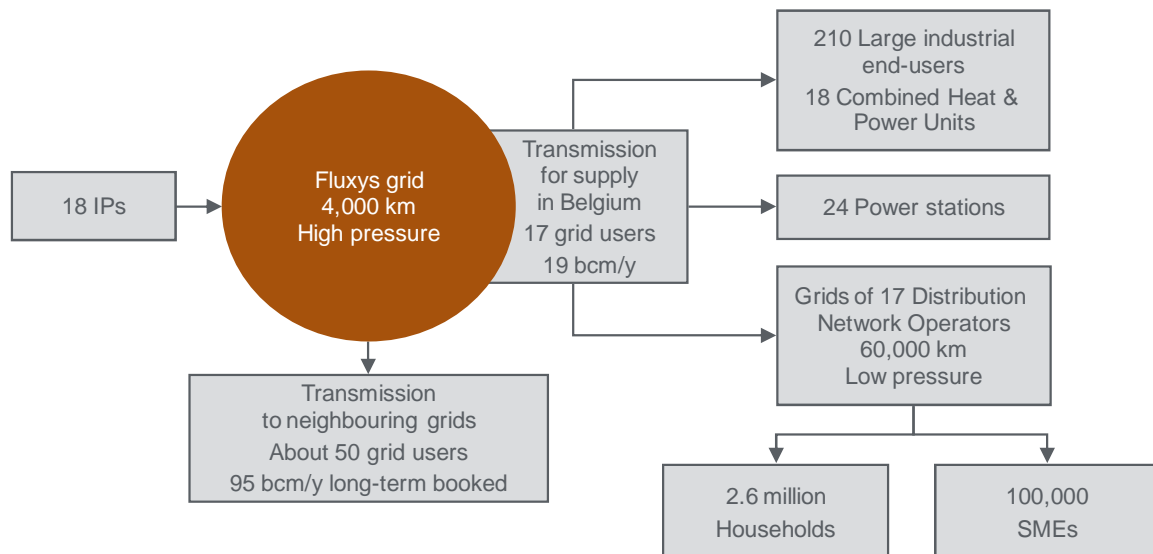
Fluxys is the transmission system operator (TSO) that owns and operates the Belgian high pressure natural gas transmission grid.

A grid user is a company that arranges for gas to be transported within the high pressure natural gas transmission grid by Fluxys, using transmission capacities contracted under terms and conditions set forth in the standard transmission agreement which is signed between the grid user and Fluxys.

A distribution network operator is a company that distributes natural gas at a lower pressure to final customers connected to its grid, including households and small to medium sized enterprises. There are 17 natural gas distribution network operators in Belgium connected to the Fluxys grid via around 90 aggregated receiving stations.

A final customer is the ultimate consumer of the gas. Final customers can be directly connected to the Fluxys grid or connected to a distribution network. There are about 260 companies directly connected to Fluxys' natural gas transmission grid, often referred to as "end users". They include industrial companies, cogeneration plants and power stations. Terms and conditions ruling such physical connection are contractually set forth in the Connection Agreement. On the other hand households and small to medium sized enterprises connected to a distribution network have no direct contractual relationship with Fluxys.

A trader is a party buying and/or selling gas on a trading point (which can be either a notional or a physical trading point) within the Fluxys grid.



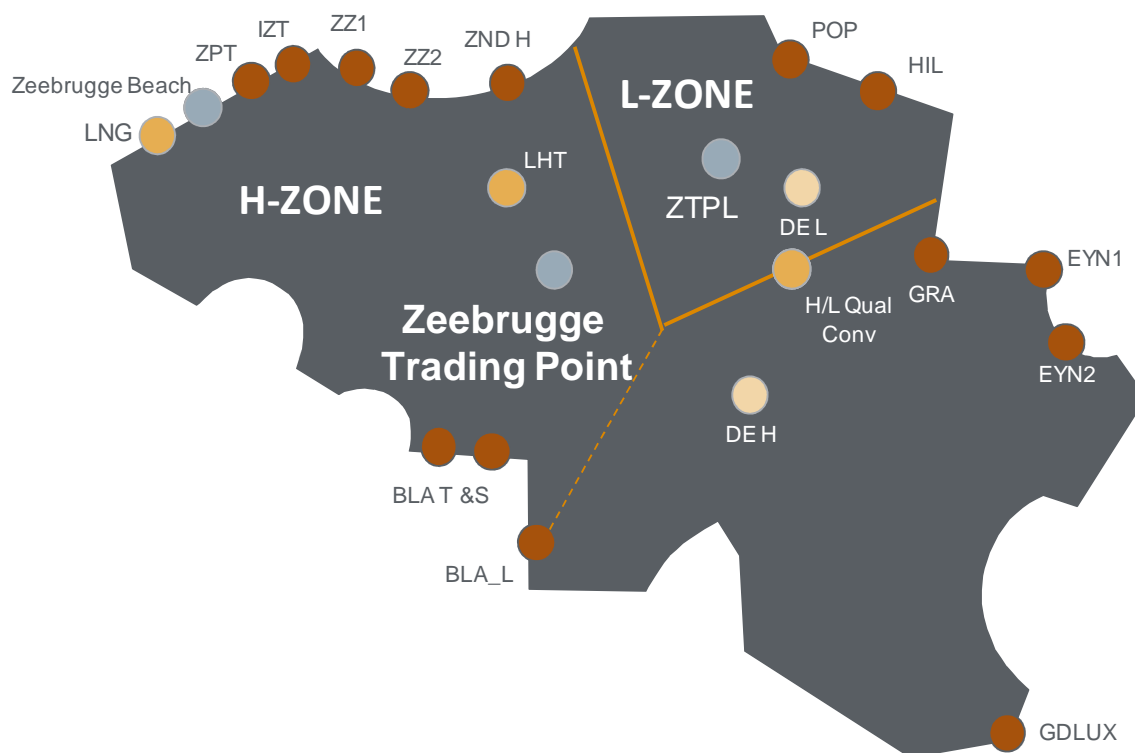
NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

2.3 MAIN CHARACTERISTICS OF THE COMMERCIAL MODEL

An entry/exit model with an H zone and an L zone

The model whereby Fluxys offers transmission services to the grid users is an entry/exit model. Through this entry/exit model, natural gas enters the Fluxys grid at an interconnection point, and can either leave the transmission grid at another interconnection point or be consumed by a Belgian final customer at a domestic exit point, or be traded on a trading point.

The transmission grid is divided into two entry/exit zones: the H zone and the L zone. The H zone corresponds to the physical H-calorific subgrid and the L zone to the physical L-calorific subgrid. Entry services enable a grid user to inject a quantity of natural gas at an interconnection point into the considered zone. Exit services enable the grid user to withdraw a quantity of natural gas at an interconnection point or at a domestic exit point from the considered zone. Section 3 contains more information on the entry and exit services.



An “interconnection point” is a type of connection point² linking Fluxys transmission grid with the transmission grid of an adjacent TSO or with an installation of Fluxys, such as quality conversion facilities, Loenhout storage facility or the LNG terminal in Zeebrugge, in which case the connection point is called an “installation point”.

A “domestic exit point” is a connection point connecting Fluxys transmission grid to a final customer, either directly connecting an end user to the transmission grid (“end user domestic exit point”), either via the distribution network (“distribution domestic exit point”).

² A “connection point” is a physical or a virtual point of the transmission grid, as specified in the access code for transmission, at which grid users deliver natural gas to Fluxys for the performance of transmission services or at which Fluxys redelivers natural gas to grid users after having performed such transmission.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

A model interconnecting North-West European market areas and Belgian final customers

The Fluxys transmission grid benefits of a strong interconnectivity with adjacent transmission grids, offering a large access to North-West European market areas and production facilities, as illustrated hereunder.

Connection Points		Adjacent Operator / Market Area	
Interconnection Points H	Blaregnies Segeo	GRTgaz	PEG Nord
	Blaregnies Troll		
	Eynatten 1	Wingas Transport	GasPool
	Eynatten 2	Open Grid Europe Thyssengas ENI GT DE	NCG
	GD Lux	CREOS	CREOS
	IZT	Interconnector	NBP*
	's Gravenvoeren	GasTransportServices	TTF
	Zandvliet		
	Zelzate 1		
	Zelzate 2	Zebra pijpleiding	-
	ZPT	Gassco	-
Interconnection Points L	Blaregnies L	GRTgaz	PEG L
	Hilvarenbeek	GasTransportServices	TTF
	Poppel		
Installation points	Loenhout	Fluxys	
	Zeebrugge LNG Terminal	Fluxys LNG	
	H/L Quality conversion	Fluxys	
Trading Points	Zeebrugge Beach	Huberator	
	Zeebrugge Trading Point		
	ZTPL		

* IZT interconnection point connects to National Grid's NBP through the undersea Interconnector

A notional trading point accessible from any entry and giving access to any exit

On both the H and the L zones, grid users have the possibility to trade natural gas on a notional trading point: the "ZTP" (Zeebrugge Trading Point) for the H zone and the "ZTPL" (L-gas Trading Point) for the L zone. The natural gas traded on these notional trading points can be delivered via an entry service on any interconnection point of the relevant zone and can be re-delivered via an exit service to any interconnection point or domestic exit point of this zone.

Trading on the ZTP and the ZTPL is facilitated by Huberator³, which also operates the physical trading point in Zeebrugge called "Zeebrugge Beach". The access to the ZTP and ZTPL trading services with Huberator is subject to the confirmation by Fluxys that the grid user has a valid signed standard transmission agreement (STA) in force. Fluxys takes the net confirmed trades into account for determining the balancing position & forecasted balancing position of the grid user in accordance with section 6.

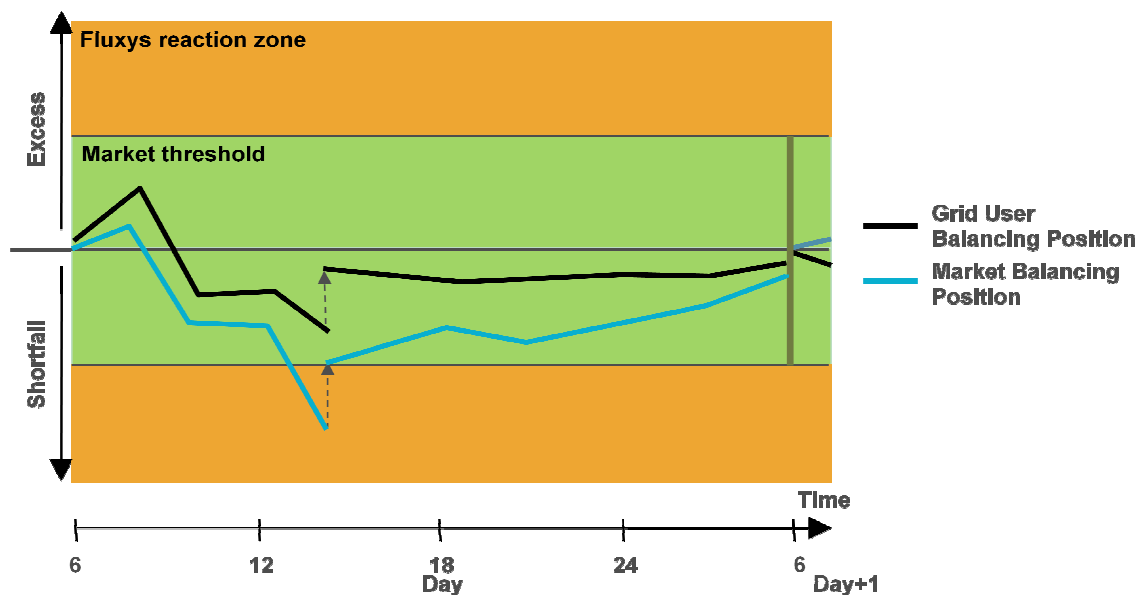
³ For more information : www.huberator.com

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

Daily market based balancing regime

For a reliable and efficient operation the transmission grid, for each zone, the total quantities of natural gas entering the transmission grid must, on a daily basis, be in balance with the total quantities of natural gas leaving the transmission grid or being consumed in Belgium. This balance between entry and exit is monitored on a cumulated basis for all hours of the considered gas day via the market balancing position, which is updated on an hourly basis.

During the gas day, as long as the market balancing position is within the predefined upper and lower market threshold, there is no intervention by Fluxys. In case the market balancing position goes beyond the upper (or lower) market threshold, Fluxys intervenes through a sale (or purchase) transaction and settles the quantity of the market excess (or shortfall) with the grid user(s) contributing to such imbalance.



At the end of each gas day, the difference between the total quantities entered into the considered zone and the total quantities consumed by grid users' final customers or leaving the considered zone towards an adjacent transmission grid, taking into account the net confirmed trades of the grid user, is settled to zero by a settlement in cash for each grid user. Section 6 contains more details on the balancing model.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

3 SERVICES OFFERED

Entry and Exit Capacity services are available in various capacity types and can be subscribed independently:

- **Firm capacity** is always available and usable under normal operating conditions⁴.
- **Interruptible capacity** means that Fluxys can interrupt the service at its sole discretion due to physical restrictions on its transmission grid.
- **Backhaul capacity** is offered at uni-directional interconnection points, in the opposite direction of the physical gas flow direction and is usable as long as the resulting physical flow remains in the physical direction of the interconnection point.

3.1 ENTRY AND EXIT SERVICES ON INTERCONNECTION POINTS

Entry services are services whereby natural gas can be injected into a zone of the transmission grid at an interconnection point. The table below gives an overview of all interconnection points and the services available on these points.

Connection Point		Type of capacity entry service		
		Firm	Backhaul	Interruptible
Interconnection Points H	Blaregnies Segeo	X	X	
	Blaregnies Troll		X	
	Eynatten 1	X		O
	Eynatten 2	X		O
	GD Lux		X	
	IZT	X		O
	's Gravenvoeren	X		O
	Zandvliet H	X		O
	Zelzate 1	X		O
	Zelzate 2		X	
ZPT	X		O	
Interconnection Points L	Blaregnies L		X	
	Hilvarenbeek L	X		O
	Poppel L	X		O
Installation points	Loenhout	X		X*
	LNG Terminal	X		O
Trading Point	Zeebrugge Beach	X		O

- X = service is offered and can be contracted within indicative availabilities as published on Fluxys website
 - X* = Operational interruptible capacity that corresponds to capacities that Fluxys has secured for the operation of the transmission grid and that are made available to grid users on an interruptible basis.
 - O = service is optionally offered, depending on firm availability
- Installation points are considered to be a specific type of interconnection point.

⁴ Which are subject to the terms and conditions of the standard transmission agreement,

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

Exit services are services whereby natural gas can be withdrawn from a zone of the transmission grid at a domestic exit point or at an interconnection point. The table below shows the services offered on interconnection points or domestic exit points.

Connection Point		Type of capacity exit service		
		Firm	Backhaul	Interruptible
Interconnection Points H	Blaregnies Segeo	X		O
	Blaregnies Troll	X		O
	Eynatten 1	X		O
	Eynatten 2	X		O
	GD Lux	X		O
	IZT	X		O
	's Gravenvoeren		X	
	Zandvliet H		X	
	Zelzate 1	X		O
	Zelzate 2	X		O
	ZPT		X	
Interconnection Points L	Blaregnies L	X		O
	Hilvarenbeek L		X	
	Poppel L		X	
Installation points	Loenhout	X		X*
	LNG Terminal		X	
Trading Point	Zeebrugge Beach	X		O

- X = service is offered and can be contracted within indicative availabilities as published on Fluxys website
- X* = Operational interruptible capacity that corresponds to capacities that Fluxys has secured for the operation of the transmission grid and that are made available to grid users on an interruptible basis.
- O = service is optionally offered, depending on firm availability
- Installation points are considered to be a specific type of interconnection point.

3.1.1 Determination of the service offer at interconnection point

As long as firm (or backhaul) transmission services are available on an interconnection point or the installation point LNG Terminal, only firm (or backhaul) transmission services are offered on this interconnection point, which are allocated as requested.

Interruptible level 1 services are offered on an interconnection point, on a yearly basis, when firm transmission services are available in limited quantity over such period. The offered quantities are calculated such that the probability of interruption based on historical data is not higher than 5% percent. This probability is based on historical data and only serves as an indication, without giving any guarantee on the probability of interruption for the future.

If applicable, the allocation of interruptible level 1 services will be organised by means of a subscription window, whereby offered interruptible level 1 services are made available on a gas year basis, as described in the access code for transmission. During this subscription window, requests are allocated in proportion to the requested quantities. After closing of this subscription window, remaining quantities are allocated as requested.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

In case firm transmission services become available, subscribed interruptible level 1 services can be upgraded to firm transmission services by Fluxys.

In case the offer of interruptible level 1 services is exhausted, interruptible level N services will be offered by Fluxys, in unlimited quantity. These services have a higher probability of interruption than interruptible level 1 services and when needed are interrupted first. If offered, such services are allocated as requested.

In case firm or interruptible level 1 transmission services become available, subscribed interruptible level N services can be upgraded respectively to firm or interruptible level 1 transmission services by Fluxys.

For uni-directional interconnection points, only backhaul services are offered in the reverse direction, which are allocated as requested.

Operational interruptible capacity is offered at the installation point Loenhout, where Fluxys has secured capacities for the operation of the transmission grid. In order to maximize the service offer, such operational capacities are made available to grid users on an interruptible basis. This service is offered on top of the firm capacity. These firm and operational interruptible Entry and Exit services are implicitly allocated by Fluxys to grid users according to the subscribed storage services with Fluxys at the Loenhout underground storage facility.

3.1.2 Availability for use of each service

Subscribed firm transmission services are, subject to the terms and conditions of the standard transmission agreement, always usable under normal operating conditions. Subscribed entry and Exit transmission services are furthermore usable independently from each other⁵.

Interruptible level 1 services and interruptible level N services can be interrupted at Fluxys sole discretion in case the requested quantities exceed the physical capabilities. In case of interruption, the service will be interrupted in proportion to the requested quantities within each level, level N being interrupted before level 1.

Operational interruptible capacity, offered at the installation point Loenhout, can be interrupted at Fluxys sole discretion in case Fluxys needs such capacity for its operations of the transmission grid.

Backhaul capacity is usable on selected interconnection points as long as the resulting physical flow remains in the physical direction of the uni-directional interconnection point.

⁵ With the exception of Operational Capacity Usage Commitments as described in section **Error! Reference source not found.**

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

3.2 SERVICES AT DOMESTIC EXIT POINTS

Domestic exit services are services whereby natural gas can be withdrawn from a zone of the transmission grid at a domestic exit point.

Connection Point	Firm	Interruptible
End User Domestic Exit Point	X	0
Distribution Domestic Exit Point	X	

3.2.1 Exit service offer on a domestic exit point

For end user domestic exit points, being connection points between the Fluxys transmission grid and the end users facility, exit services have to be subscribed by the grid user. As long as firm services are available on an end user domestic exit point, only firm transmission services are offered, which are allocated as requested. These services are offered with high pressure, medium pressure and DPRS (pressure reduction at domestic exit point) parameters, if applicable, taking into account the physical characteristics of the end user domestic exit point. For more details, see Section 7 Other services.

In case no (or no more) firm transmission services can be offered on an end user domestic exit point, interruptible transmission services can be offered, upon consultation and agreement of the involved end user in accordance with the access code for transmission and the connection agreement.

For domestic exit capacity towards the public distribution, there is no explicit subscription of exit services by the grid user. The peak capacity is calculated based upon a.o. the agreed methodology with the distribution grid operators. Fluxys allocates this peak capacity on a monthly basis to grid users based on their market share of final customers within each distribution network, taking into account the different final customers profile segmentations.

3.2.2 Availability for use of each exit service

Subscribed firm transmission services are, subject to the terms and conditions of the standard transmission agreement, always usable under normal operating conditions.

Subscribed interruptible transmission services can be interrupted at Fluxys sole discretion in case the requested quantities exceed the physical capabilities.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

3.2.3 *Specific Services on the domestic exit point*

3.2.3.1 DPRS – Dedicated Pressure Reducing Stations

By the dedicated pressure reduction service at a domestic exit point, Fluxys reduces the pressure at an exit point within the contractual minimum and maximum pressure limits. The applicability or not of the DPRS service is a characteristic of each domestic exit point that depends on the technical characteristics of the facility at this connection point.

When a grid user subscribes exit capacity services towards a domestic exit point (or is implicitly allocated such services in case of public distribution) equipped with a pressure reduction facility, the DPRS service is automatically applicable if relevant.

3.2.3.2 Odourisation

Odourisation consists in the injection by Fluxys of an odorant in gas at domestic exit points where an odourisation facility is operated by Fluxys. The applicability or not of the odourisation service is a characteristic of each domestic exit point that depends on the technical characteristics of the facility at this connection point.

When a grid user subscribes exit capacity services towards a domestic exit point (or is implicitly allocated such services in case of public distribution) which is equipped with an odourisation facility, the odourisation service is automatically applicable if relevant.

3.3 WHEELING SERVICES

Wheeling services allow the direct transmission of natural gas between two interconnection points located within the same border station without entering the entry/exit zone of the transmission grid.

Wheeling services are offered between the following interconnection points:

- Between Eynatten 1 and Eynatten 2,
- Between Zelzate 1 and Zelzate 2,
- Between Poppel and Hilvarenbeek,
- Between Blaregnies Troll and Blaregnies Segeo

These services do not give access to other entry/exit points of the transmission grid and do not offer possibility to trade natural gas on the notional trading point. Under a wheeling service, the quantity of entering gas must be equal to the quantity of exiting gas, on an hourly basis.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

3.4 ZEE PLATFORM

The aim of the Zee Platform Service is to facilitate transfers of gas in Zeebrugge, between IZT, ZPT, LNG and the physical trading point in Zeebrugge "Zeebrugge Beach". The Zee Platform Service enables grid users to transfer natural gas between two or more (at grid user's choice) of these points without explicit capacity reservation and without any capacity limitation.

Transfers under Zee Platform are firm, except transfers towards ZPT and LNG which are backhaul, as ZPT and LNG are unidirectional interconnection points. The transfers to IZT and Zeebrugge Beach are furthermore subject to the compliance with UK gas quality requirements.

The Zee Platform does not give access to the entry/exit zone of the transmission grid and does not offer possibility to trade natural gas on the notional trading point (ZTP). Under Zee Platform, the quantity of entering gas must be equal to the quantity of exiting gas, on an hourly basis.

3.5 CAPACITY POOLING

The capacity pooling service at one or more end user domestic exit points allows grid users supplying the same end user to pool and share each other's entire subscribed exit capacity for such end user domestic exit point. Each grid user can therefore use part or all of the pooled capacities on that point

The pooling of capacity at a given end user domestic exit point implies a specific allocation rule for the measured offtake quantities of gas on which concerned grid users need to agree upon before the start of the capacity pooling service. This allocation agreement is based on a priority ranking between grid users identified as priority allocated grid users, together with the designation of a grid user known as capacity responsible grid user, as detailed in the access code for transmission.

Since any modification of the subscribed exit capacities will automatically be integrated to the pool by Fluxys, a grid user modifying its subscribed capacities on a given end user domestic exit point must inform the other grid users having subscribed the capacity pooling service for that end user domestic exit point, with an potential subsequent modification of the allocation agreement between the parties.

3.6 START-UP COMMISSIONING

When a grid user supplies gas to a final customer which is starting up or commissioning a new facility, capacity utilisation might be highly irregular and difficult to anticipate accurately due to the tests, start-ups or stoppages (planned or not) over relatively short periods of time.

Fluxys offers the possibility, on a case by case basis, to conclude specific start-up commissioning conditions with the grid user and the final customer in order to better manage this commissioning period taking into account the capacity available on the transmission grid and the specific characteristics of the considered commissioning.

There are no specific allocation rules for this service except that it is only available for new industrial customers or new power stations during the commissioning period.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

3.7 SERVICE OF GAS QUALITY CONVERSION (H → L)

As explained before, the Fluxys grid is composed of 2 independent sub-grids, which correspond to two zones: H zone and L zone.

The conversion facilities (transformers) in Lillo and Loenhout enable rich gas (H gas) to be converted into Slochteren gas (L gas) by injecting nitrogen during cold weather.

The grid user has also the possibility to use the installation outside of the conversion season by mixing H gas with L gas (enrichment service) within the gas quality specifications of L gas and taking into account the consumption on the L gas grid for which the gas was intended. The use of gas quality conversion service H->L doesn't require the grid user to subscribe entry or exit services in the L or H-zone respectively.

This quality conversion services are commercialised on an annual basis for periods of one year, starting on 15 of November. The services are offered through a subscription window in which requests covering the upcoming year are allocated in proportion to the requested quantities. After closing of this subscription window, potentially remaining quantities can be allocated as requested subject to explicit prior confirmation by Fluxys and in so far the request would cover the remaining period up to 14 of November of the next year. The details of such subscription window are described in the access code for transmission.

3.8 SERVICE OF QUALITY GAS CONVERSION (L → H)

The L-inject service consists in the direct injection of L gas into the H gas network, taking into account the gas quality specifications of L gas (in particular the Wobbe specifications). This service is available on an interruptible basis. The use of gas quality conversion service L->H doesn't require the grid user to subscribe entry or exit services in the H or L-zone respectively.

This quality conversion services are commercialised on an annual basis for periods of one calendar year. The services are offered through a subscription window in which requests covering the upcoming year are allocated in proportion to the requested quantities. After the closing of this booking window, potentially remaining quantities are allocated as requested for as long the requested period would be a minimum of one week and would not exceed the end of the year. The details of such subscription window are described in the access code for transmission.

3.9 SERVICE OF MULTIPLE SHIPPER CODE

This service allows grid users to dispatch their nominated quantities at interconnection points over different nomination codes in order to arrange for a specific matching of those quantities with upstream or downstream nominated quantities with adjacent transmission system operators.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

4 SERVICE SUBSCRIPTION AND ALLOCATION RULES

4.1 PRIMARY MARKET

In order to subscribe and use transmission services, a party must first register as a grid user, as set out in the code of conduct, which involves the signature of the standard transmission agreement. The standard transmission agreement is concluded for an undetermined period and services confirmation forms are the legal and contractual form that confirms the subscribed services under this agreement.

Capacity services described in this brochure can be subscribed either in written (letter, fax or email), using a transmission service request form (available in the access code for transmission), either by electronic booking, using an internet-based on-line reservation system accessible from Fluxys website (www.fluxys.com).

Besides this dedicated internet-based reservation system, Entry and Exit services on interconnection points can also be subscribed under the form of bundled products with the relevant adjacent TSO capacity. Such offer of “hub to hub products” can be subscribed through European-wide capacity platform, such as **capsquare**, which currently proposes primary capacity through bundled products between Fluxys market and GRTgaz market (French TSO) or OGE market (German TSO).

Capacity services can be applied for at any time, except for interruptible level 1 services, where the grid user must refer to the subscription window organised for the next gas year (see chapter 3), and except for capacity services at the distribution domestic exit points, installation points Loenhout, and H/L quality conversion point, which are implicitly allocated by Fluxys as set out in section 3.

Capacity services are offered for a minimum period of one day and there is in general no maximum period, except for the services where another period is explicitly determined (interruptible level 1 and gas quality conversion – see chapter 3).

Two types of rates apply, depending on duration of the booked service. If the service duration is equal to one calendar year or any multiple of calendar years (beginning on any date), the yearly rate type will apply. In other cases (less than one calendar year), a seasonal rate type will apply in proportion to the number of days of the booking. This seasonal rate is applicable only for entry services, exit services at end user domestic exit points (power plants and industrial customers connected to the network Fluxys), and for wheeling services. The regulated tariff applicable for each service described in this brochure can be found on the Fluxys website (www.fluxys.com).

Capacity services are allocated as requested, with the exception of services offered in a subscription window or through an Open Season process. Fluxys allocates the service based on the order of receipt of applications for users.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

4.2 TRADING CAPACITY ON THE SECONDARY MARKET

Grid users are legally bound (pursuant to Article 11 of the code of conduct) to make available on the secondary market the subscribed firm capacity which they no longer need for a specific period or permanently.

Fluxys organises the secondary market by enabling grid users to trade on an electronic platform the capacity services they wish to make available on the secondary market.

capsquare (www.capsquare.eu) is the electronic platform, on which capacity services can be traded among grid users, either anonymously or for the registration of over-the-counter transactions. This trading platform is a joint initiative of several transmission system operators which aims at fostering the functioning of the primary and secondary markets, by organizing the market and facilitating the meeting of candidate buyers and sellers and by developing coordinated solutions at European level.

Services can also be traded on the secondary market by standard manual “over the counter” assignment procedures which are detailed in the access code for transmission.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

5 OPERATING RULES

5.1 NOMINATIONS

In order to notify Fluxys of the quantity of natural gas that will be delivered at each interconnection point and each end user domestic exit point, the grid user shall send nominations and, if applicable, renominations to Fluxys, according to the procedure detailed in the access code for transmission. For distribution domestic exit points, no nominations have to be sent.

A nomination is a standardized electronic message, issued by the grid user via Edig@s protocol. It relates to a particular gas day (a gas day begins at 6:00 and terminates at 6:00 the following day, Belgian time) and to a specific point, and provides for each hour of the relevant gas day the quantities of natural gas, expressed in kWh, that the grid user wishes to inject or offtake under its subscribed services at the relevant point.

Time schedule of the nominations and the renominations cycles for a given gas day is described in the access code for transmission and is based on the EASEE-gas common business practice⁶. The first nomination cycle begins at 14:00 hours of the preceding gas day and is composed of the following steps:

- The grid user sends his nominations to Fluxys
- Fluxys checks the validity of the message format
- The nominations are processed by Fluxys (conformity checks and matching with the nominations in the adjacent system)
- Fluxys computes the quantities that can be confirmed and that are scheduled to be delivered/offtaken to/from the transmission grid
- Fluxys sends a confirmation message in order to communicate to the grid user the results such process.

The grid user may revise his nominations day-ahead or within-day by sending renominations. During the gas day a renomination is considered valid when received before the applicable minimum renomination lead time and will be processed for confirmation according to same process described above. The standard minimum renomination lead time is “full hour + 2”. Fluxys envisages to reduce this lead time to “full hour + 1” for the installation points Loenhout, LNG Terminal and notional trading points ZTP & ZTPL. Fluxys will inform the grid users hereof and confirm the start date of such potential change in due time.

5.2 METERING AND ALLOCATIONS

The metering procedures are specified in the access code for transmission. Based on the metering services that cover metering at metering facilities, validation of measurements and measurement repatriation, Fluxys/FLUXYS allocates gas quantities at the interconnection points and end user domestic exit points on an hourly basis to the involved grid user(s). The unit used for the allocation is the kWh.

Two types of allocations can be distinguished, on the one hand the provisional allocation which is based on the hourly provisional measurement and is communicated to the grid user at hour + 1

⁶ EASEE-gas Common Business Practice 2003-002/01 “Harmonization of the Nomination and Matching Process”, as approved on February 18, 2004 (see <http://www.easee-gas.org/cbps.aspx>)

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

for steering of its balancing position. In case the provisional measurement fails, the measurement can be replaced by a best estimation (replacement value) in the provisional allocation. On the other hand the validated allocation which is based on the validated measurements Fluxys determines at the latest the 20th day of the month following the month for which the allocations are to be validated and which are used for the final gas settlements between Fluxys and the grid user.

Two types of gas allocation rules can be distinguished on the interconnection points. On the one hand the “deemed to confirmed nomination”-rule where the allocated energy equals the last confirmed energy nominations as confirmed by the adjacent TSO⁷. On the other hand the “proportional to measurement”-rule where the allocations will be proportional to the energy measurements.

For the end users domestic exit points, the domestic exit energy allocation allocated to the grid users shall be determined according to the allocation agreement valid for this connection point (agreement between Fluxys, end user, and the grid users supplying natural gas to such end user).

For the distribution domestic exit points, the allocation is based on the telemetered value at the connection point with the distribution network, and based on the customers’ portfolio of the grid user on the distribution, which can be either telemetered final customers or profile-based final customers (SLP) at the distribution network. Furthermore, an imbalance smoothing profile, aiming at neutralizing, on a daily basis, part of the imbalance caused by the hourly profiled offtake within public distribution networks, is allocated to the grid users supplying final customers at the public distribution. The hourly imbalance smoothing allocations of each grid user are calculated according to the total forecasted public distribution offtake and the provisional allocations towards the public distribution of relevant grid users, as described in the access code for transmission. They are communicated to the relevant grid users by Fluxys on a day-ahead basis.

5.3 DATA TRANSMISSION

Within the framework of its transparency obligations resulting from European regulation and the Belgian code of conduct, Fluxys provides publicly information on operational data of its transmission grid on its website (<http://www.fluxys.com>) where market parties can find a variety of useful information. Data for all relevant parameters are updated hourly or daily as the case may be and users can retrieve customized reports tailored specifically to their needs.

⁷ The difference between the sum of the hourly allocated quantities and the metered quantities will be allocated to an operating balancing account (OBA) held between Fluxys and its adjacent TSO or any other party

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

The following information is amongst others available on our website :

- Interconnection Points: capacities, nominations, allocations and flows at the interconnection points with adjacent operators
- Consumption: capacities, nominations, allocations and flows for domestic consumption
- Balancing: operational data for market to monitor the balancing position
- Secondary market: capacities traded on the secondary market
- Temperatures: daily equivalent & degree-day temperatures
- List of end users connected to Fluxys transmission grid
- Pre-defined reports: supply, demand, storage and LNG reports using a predefined selection of criteria in accordance with ENTSOG guidelines (European Network of Transmission System Operators for Gas).

As part of the standard transmission agreement or connection agreement, Fluxys also proposes personalised data services via an on-line application, privately accessible to grid users or end users only, that allows them to consult or download their own individualized operational data such as:

- hourly measurements including volume, pressure and gross calorific composition of the natural gas at the interconnection points and domestic exit points where they are active;
- hourly allocation data for interconnection points and domestic exit points where they are active;
- individual and market position and their forecast till end of the day, based on the nominations of the grid users;
- all data required to control Fluxys invoices.

Fluxys furthermore offers a real-time data service that can additionally be subscribed by grid users and which provides them with real-time (updated every 6 minutes) gas flow data for selected interconnection points.

5.4 GAS QUALITY REQUIREMENTS

The Fluxys' web site (www.fluxys.com) provides the technical specifications in force for all the interconnection points on the Fluxys grid for gas entering or leaving the grid. Operational rules are explained in the access code for transmission.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

6 DAILY BALANCING REGIME

6.1 GENERAL PRINCIPLES OF MARKET-BASED BALANCING

Market-based balancing has two objectives:

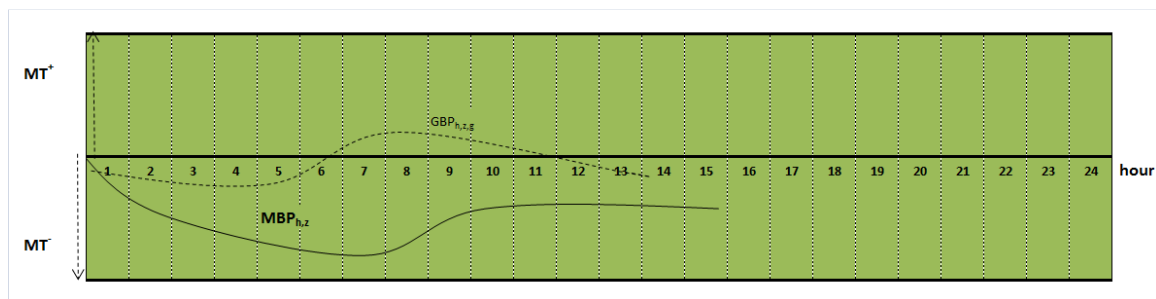
1. Giving the grid users on a cumulated basis the responsibility for the balancing, and limiting the intervention of Fluxys to cases where the market exceeds predefined thresholds,.
2. Enable market cost reflectivity of residual Fluxys' actions, by directly relating the cost of such actions to the actual commodity market prices at the moment of such actions and targeting those costs towards responsible parties.

6.2 MARKET BASED BALANCING RULES

In order to operate the transmission grid in a reliable and efficient way, grid users are requested to balance inputs and outputs over the period of one gas day, in accordance with the online hourly data allocation electronically supplied by Fluxys⁸.

The market balancing position ($MBP_{h,z}$) shows the delta between the sum of all inputs and the sum of all outputs for all past hours of the considered gas day for all grid users for a considered zone.

The grid user balancing position ($GBP_{h,z,g}$) shows, for a specific grid user, for the considered zone, the delta between the sum of all entry allocations and the sum of all exit allocations for all past hours of the considered gas day, also taking into account the net confirmed title transfers confirmed by Huberator on the relevant notional trading points (ZTP and/or ZTPL). Such grid user balancing position is updated on an hourly basis. The market balancing position is equal to the sum of all grid user individual balancing positions for the considered zone.



⁸ Therefore grid users receive hourly allocation messages which includes information about:

- The provisional allocated quantity per point
- The grid user balancing position
- The market balancing position
- The indicative forecast of the grid user balancing position for the remaining hours of the day
- The indicative forecast of the market balancing position for the remaining hours of the day
- The market threshold

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

During the day, as long as the market balancing position fluctuates within the pre-defined market thresholds (MT^+ and MT^-), there is no intervention by Fluxys. These thresholds are defined per zone and can vary on a seasonal basis⁹, as described in the access code for transmission.

For the H-zone, in case the market balancing position goes beyond the market threshold (upper or lower level), the market excess or market shortfall respectively is instantly settled proportionally towards the grid users causing such market excess or market shortfall via their grid user balancing position. Fluxys will initiate a sell or buy transaction on the commodity market on the ZTP, for the quantity of the market excess or shortfall respectively. This transaction will define the reference price used for refunding or charging shippers having caused the market excess or shortfall, taking incentives into account (through a settlement see point 6.3).

For the L-zone, in case the market balancing position goes beyond the market threshold (upper or lower level), the grid users having causing such market excess or market shortfall are charged with an incentive, proportional to their respective grid user balancing position.

For both H and L zones, at the end of the gas day, the grid user balancing position at the end of the last hour of the gas day is settled to zero for each grid user by a settlement in cash (see point 6.3) increased by an incentive.

6.3 SETTLEMENTS

6.3.1 *Within-day settlements when reaching threshold in H-zone*

In case the market balancing position goes beyond the market threshold, the market excess or market shortfall is instantly settled proportionally towards the grid users causing this market excess or market shortfall via their grid user balancing position.

Such a settlement is done in the following 5 steps:

1. Identification of the quantity to be settled: market shortfall [market excess];
2. Identification of causing grid users (all grid users having at that time an individual balancing position contributing to the market shortfall [market excess]) and their proportional contribution to the market imbalance;
3. Correction of causing grid users balancing position proportional to their contribution to the market imbalance (Fluxys delivers gas to the grid user in case of shortfall and offtakes gas from the grid user in case of excess);
4. Transaction initiation by Fluxys on the notional trading point for the purchase [sale] of a quantity of gas compensating for the market shortfall or the market excess;
5. A financial settlement towards the grid users who received [gave] gas during the process, proportionally to such quantity, and the gas price of the corresponding transaction

⁹ Fluxys has the right to modify, at any time and at its sole discretion, the effective values of the Market Thresholds in function of the transmission system operating conditions (for example but not limited to: in case of high gas demand or as from the Early Warning Level Crisis Level, ...) according to the conditions described in the access code for transmission

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

initiated by Fluxys (point4); an incentive, in proportion of the shortfall [market excess], is furthermore applied on the financial settlement.

6.3.2 End-of-day settlement for H-zone and L-zone

At the end of the gas day, each grid user is settled to zero so that the grid user starts the next gas day with a zero position.

Such an end-of-day settlement is done in the following 5 steps:

1. Identification of total quantity to be settled, equal to the market balancing position of the last hour of the gas day: market shortfall [market excess];
2. Identification of the quantity to be settled per grid user, for each grid user equal to the grid user balancing position of the last hour of the gas day ;
3. Correction of grid users balancing position to zero (Fluxys delivers gas to the grid user in case of shortfall and offtakes gas from the grid user in case of excess);
4. Transaction initiation by Fluxys on the notional trading point for the purchase [sale] of a quantity of gas compensating for the market shortfall or the market excess;
5. A financial settlement towards the grid users who received [gave] a quantity of gas during the process, proportionally to such quantity and the gas price of the corresponding transaction initiated by Fluxys (point4); an incentive, in proportion of the market shortfall [excess], is furthermore applied on the financial settlement of causing grid users (all grid users having at that time an individual balancing position contributing to the market shortfall [market excess]) for as long as such market shortfall [excess] would exceed a level per zone, defined in the access code for transmission.

6.3.3 End-of-month settlement

At the latest the 20th day after the relevant month, the final allocations are compared with the provisional allocations. In case the final allocations differ from the provisional allocations, this results in a settlement, between Fluxys and the grid user, compensating for the difference between the final and the provisional allocations.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

7 CONGESTION MANAGEMENT

7.1 PRO-ACTIVE CONGESTION MANAGEMENT POLICY

In accordance with its obligations set forth in the code of conduct, Fluxys applies a pro-active congestion management policy aiming at an optimal and maximal utilization of the available capacities, and the prevention of congestion. This policy, detailed in the access code for transmission, is articulated around the following set of measures.

The organisation of a secondary market, through an electronic capacity trading platform, **capsquare**, whereby grid users can offer the subscribed transmission services they no longer require to other grid users. This allows for an optimal and market-based distribution of transmission services amongst grid users and is supported by the regular publication by Fluxys, on an aggregated level, of volumes and average prices of the services traded on the secondary market.

The offer of interruptible capacities on interconnection points and domestic exit points, from the moment the level of available firm services becomes limited. Such interruptible services, offered in different levels on interconnection points, allow for a dynamic recycling of unused subscribed firm transmission services to other grid users.

Fluxys furthermore encourages the utilisation of subscribed transmission services by keeping an electronic register of the utilisation rate of subscribed transmission services per grid user and per service. This register is submitted to the CREG at least on a yearly basis, as set out in the code of conduct. Each grid user is also provided with part of such register concerning his individual data.

Operational capacity usage commitments are operational agreements between a grid user and Fluxys, consisting into a commitment on the combined use of a well-defined entry service at an interconnection point with a well-defined exit service at another interconnection point, without access to the Market Based Balancing model, nor to the Zeebrugge Trading Point. As a pro-active measure, Fluxys determines in advance the eligible entry and exit service that can avoid a bottleneck in the transmission grid.

7.2 CONGESTION MANAGEMENT PROCEDURE

Congestion occurs when a service request for firm transmission services at an interconnection point or a domestic exit point (except for distribution domestic exit points) cannot be confirmed due to lack of available firm transmission services and if none of the proactive congestion management measures detailed in the access code for transmission or any other alternatives envisaged between Fluxys and grid user have provided for an acceptable solution.

In this event, Fluxys applies the procedure detailed in the access code for transmission, aiming at releasing on the secondary market, upon decision of the CREG, total or part of the unused subscribed firm transmission services of grid users concerned by the congestion.

NON BINDING DOCUMENT – FOR CONSULTATION PURPOSES ONLY

8 HOW TO CONTACT US?

Any request for additional information or questions in relation to the service offer should be addressed to:

Fluxys SA/NV

Commercial Department
Avenue des Arts, 31
1040 BRUSSELS
BELGIUM

e-mail: info.transport@fluxys.com or marketing@fluxys.com