

# 10

INFORMATION **MEMORANDUM**

OPEN SEASON NON-BINDING PHASE

MARKET SURVEY TO ASSESS MARKET  
DEMAND FOR ADDITIONAL LONG-TERM  
GAS TRANSMISSION CAPACITY  
**FROM FRANCE TO BELGIUM**

May **2010**

# DISCLAIMER

This document (the "Information Memorandum") sets forth certain information regarding the new transmission capacity which might be created by Fluxys and GRTgaz within the Belgian and French transmission systems in the framework of a coordinated project to increase interconnection capacity from France towards Belgium (the "Project").

The Information Memorandum additionally provides details on the potential capacity products to be proposed to the market and highlights the coordinated development by Fluxys SA ("Fluxys") and GRTgaz SA ("GRTgaz").

The Information Memorandum is publicly disclosed to the market for information purposes only and without any commitment whatsoever from neither of the two Transmission System Operators ("TSO") involved so as to offer a product, new interconnection capacity, any service and/or develop any infrastructure. Any and all interested parties, in their capacity as professional operators, shall be responsible for seeking to obtain the accurate and relevant information needed for their own assessment and decision to respond to the invitation to subscribe contained in this Information Memorandum.

Fluxys and GRTgaz hereby disclaim all responsibility for changes to the implementation of the coordinated development as presented in the Information Memorandum. Such changes may result from amongst others financial and regulatory constraints defined by the competent regulatory authorities or each TSO's board of directors.

Additionally, the information contained in this Information Memorandum is for indicative purposes only and should not be considered to give rise to any contractual relationship between Fluxys SA, GRTgaz (or any of their affiliated entities) and any interested party.

For your convenience, quantities are expressed in normal cubic meter (per hour or per year, the case may be) in order to facilitate the understanding of the framework. The interested party will use a GCV of 11,4 kWh/m<sup>3</sup>(n) in order to convert its request into GWh/day at 0°C.

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# INTRODUCTION

TSOs like Fluxys and GRTgaz have a key role in meeting the objectives set out by the European Commission to create a single European natural gas market and ensure security and diversity of supply. These objectives require not only new border capacity to receive natural gas from additional sources but also new interconnection capacity between networks to enhance market liquidity and facilitate cross-border flows. This is exactly what the core business of TSOs is about: providing the capacity needed by the market and, especially for cross-border capacity, coordinating with adjacent TSOs to offer a coherent set of services across networks to accommodate transnational gas flows.

In 2009, GRTgaz transported 58 billion cubic meters (“bcm” – eq. 661 TWh) and the French gas market represented a national consumption of 40 bcm (eq. 456 TWh). Fluxys, in turn, transported in 2009 about 17,5 bcm (eq. 200 TWh) for consumption on the Belgian market, and about 100 bcm (eq. 1 150 TWh) has been booked in the Fluxys grid on a long-term basis for border-to-border transmission: 80 bcm/y for existing infrastructure (eq. 912 TWh) and 20 bcm for infrastructure to be built (eq. 228 TWh). As for the interconnection between the Belgian and French networks, firm capacity is currently offered only from Belgium to France due to technical hurdles.

Fluxys and GRTgaz share the common view to promote regional gas market efficiency and fluidity and have therefore again joined forces to organize a coordinated open season, in view of offering capacity from France to Belgium. The initiative is a response to market signals indicating the need for such capacity and is consistent with the broader European objective of increasing interconnection capacity and fostering competition in the market.

This Information Memorandum sets out the different interconnection scenarios to offer capacity from France to Belgium as well as the procedure governing the open season process. The document has been established in coordination with the French and Belgian regulatory authorities, respectively Commission de régulation de l'énergie (“CRE”) and Commission de Régulation de l'Electricité et du Gaz (“CREG”).

Through the distribution of this Information Memorandum, GRTgaz and Fluxys launch the Non-Binding Phase of their new coordinated open season to assess the level of market demand for firm capacity from France to Belgium and evaluate the economic feasibility of the interconnection scenarios put forward in the framework of the Project. Depending on the level and nature of the interest from the market, the proposed interconnection scenarios can also be developed separately within or not the framework of this open season.

## EXECUTIVE SUMMARY

Through the distribution of this Information Memorandum, GRTgaz and Fluxys launch a market survey to assess the level of market demand for additional transmission capacity from France to Belgium (the "Open Season"). The Project represents an attractive opportunity for companies active in the gas sector to secure on a long-term basis capacities from France to Belgium.

Depending on the level and nature of the market interest arising from the Open Season, the Project, in the framework of the Open Season, could trigger the infrastructure development of one or both of the scenarios being studied in Belgium and France:

### In France:

- (I) construction of a deodorization facility at Taisnières H, and/or
- (II) the creation of a new interconnection point between Belgium and France near Veurne (the "New Interconnection Point") and the construction of the needed infrastructure to offer a transmission service from France to Belgium;

### In Belgium:

- (I) the reinforcement of the network downstream from the interconnection point Blaregnies/ Taisnières H, and/or
- (II) the creation of the New Interconnection Point and the construction of the required capacity to link this New Interconnection Point to the Zeebrugge area.

### The offered capacity today under study by both TSOs is:

- (I) 80 GWh/d or 300 000 m<sup>3</sup>(n)/h at Taisnières H/Blaregnies on a firm basis on both grids; and/or
- (II) 405 GWh/d or 1 500 000 m<sup>3</sup>(n)/h at the New Interconnection Point on a firm basis on Fluxys' grid, and on a firm and/or conditional basis on GRTgaz' grid.

However, the level of offered capacity could be modified depending on the market interest.

The intention is to make additional capacity available between 2013 and 2015 at Taisnières H / Blaregnies, and/or in 2015 at the New Interconnection Point. However, the actual commissioning date will depend on the level and type of investments required, as well as on permitting constraints in France and Belgium.

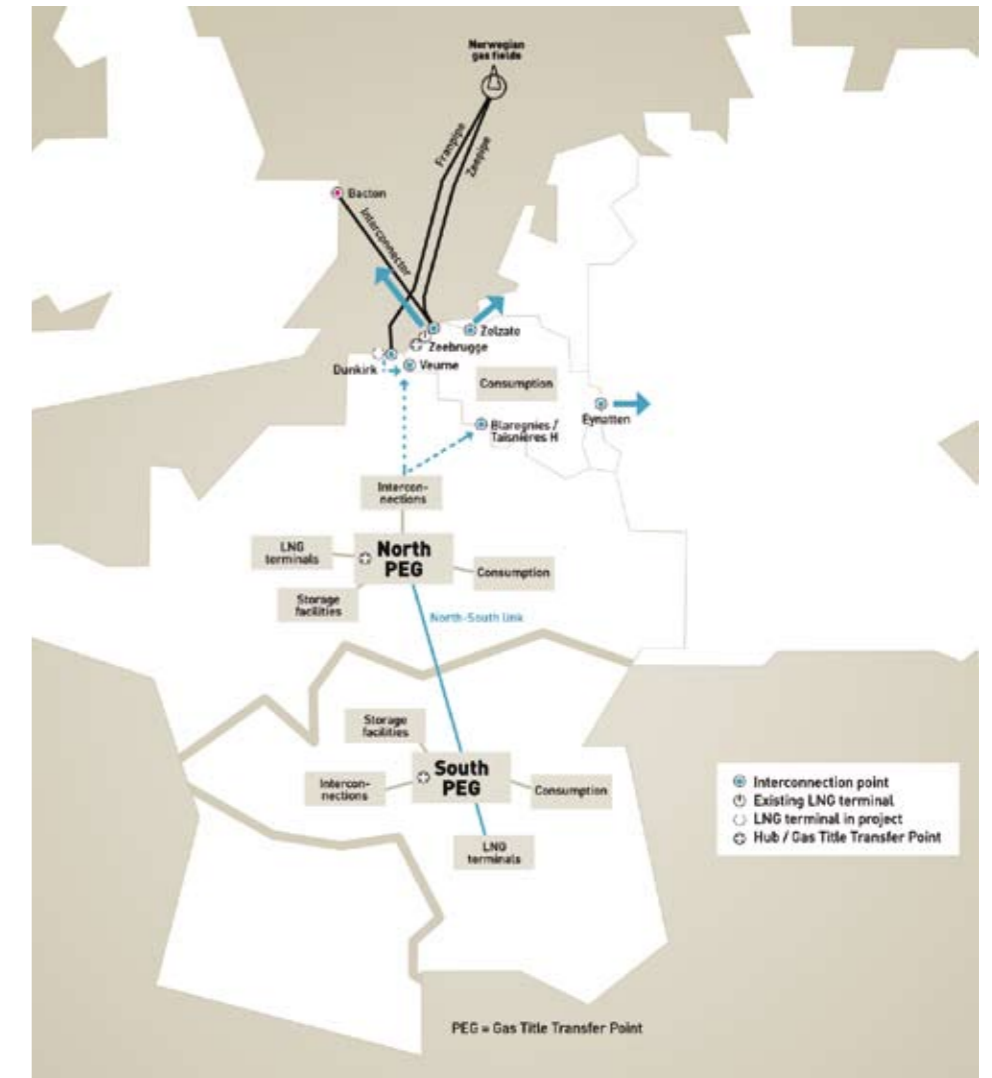
The purpose of this Open Season is to invite bona fide expressions of interest through the submission of a non-binding capacity request ("Non-Binding Capacity Form" - Attachment 1 to be completed and sent to GRTgaz and Fluxys) from those parties interested in subscribing to such transmission capacity on a long term basis. Parties interested in entering into discussions with GRTgaz and Fluxys in connection with the Project will first be required to execute the Confidentiality Agreement Form(s) (Attachments 2A and/or 2B to be completed and signed with GRTgaz and/or Fluxys).

After the first Non-Binding Phase (the "Non-Binding Phase"), GRTgaz and Fluxys will jointly analyze the level of interest from the market and define the scope of the Project, should the Project be pursued. The indicative timetable and potential subsequent steps are described in section 9.

## PROJECT DESCRIPTION

1

Different options exist to create additional capacity from the French grid towards the Belgian grid. In this Non-Binding Phase of the Open Season, interested parties can express their preferred point of exit from the French grid and/or of entry into the Belgian grid. After the Non-Binding Phase, GRTgaz and Fluxys will jointly analyse the level of interest from the market and detail the scope of the Project in a second and Binding Phase as the case may be.



## TWO SCENARIOS

As of today, only backhaul capacity is offered to shippers by both TSOs from France to Belgium at Taisnières H / Blaregnies. This contractual capacity is based on effective physical gas flow from Belgium at the interconnection and can be interrupted. In order to provide this service on a firm basis, two scenarios are currently being studied to offer firm and/or conditional capacity from the GRTgaz North Zone in France towards the Fluxys network in Belgium and to increase capacity in the Fluxys network to accommodate gas flows from France.

Depending on the level of demand, both scenarios described for indicative purposes could be developed in parallel and independently.

### In France, two products are offered through this Open Season:

- firm exit capacities at Taisnières (H-gas) interconnection point (first scenario),
- firm and/or conditional exit capacities at the New Interconnection Point (second scenario).

### In Belgium, both scenarios offer shippers optimum destination flexibility for flows coming from France:

- to the United Kingdom through the Interconnector subsea pipeline from Zeebrugge,
- to the Zeebrugge Hub
- to the Dutch market via the interconnection point in Zelzate,
- to the German market via the interconnection point in Eynatten,
- to the Belgian market.

### First scenario : Taisnières H / Blaregnies with deodorization facility

The first scenario consists in developing new firm exit capacity at Taisnières H interconnection point in France through the construction of a deodorization facility. In Belgium the existing Blaregnies interconnection point would be used, subject to positive outcome of the currently ongoing impact analysis with the relevant stakeholders (adjacent operators, end users, etc.) The maximum level of marketed firm capacity should be 80 GWh/day or 300 000 m<sup>3</sup>(n)/h and should be made available in 2013 at the earliest and in 2015 at the latest.

### Second scenario : the New Interconnection Point

The second scenario consists in developing new firm and conditional exit capacity from GRTgaz's grid and firm entry capacity into Fluxys' grid at the New Interconnection Point. In Belgium the New Interconnection Point would be connected to the Belgian grid area by laying a new pipeline. The level of capacity today under study by both TSOs is 405 GWh/day or 1 500 000 m<sup>3</sup>(n)/h and should be available in 2015.

The TSOs recall that in the framework of the Open Season each project remains independent and the development of one shall not be subject nor trigger the other. In addition, for each project the above descriptions shall not be construed as any commitment from any TSO as regard to the final design and/or measures taken to provide the capacities allocated under this Open Season should the related project be implemented.

## OPEN SEASON PROCESS

# 2

### Non-Binding Phase

Through this Open Season, Fluxys and GRTgaz wish to assess the level of market demand for both entry/exit scenarios. In the attached Non-Binding Capacity Forms (Attachment 1), Fluxys and GRTgaz therefore ask you to indicate not only your interest for capacity at your preferred interconnection point but also your interest for capacity at the other interconnection point, in case your preferred interconnection point would turn out not to be withheld in the next steps of this Open Season process. Non-Binding Capacity Forms should be submitted to GRTgaz and Fluxys (Attachment 1) no later than 26 August 2010.

### Binding Phase

Should the level of market interest shown during the Non-Binding Phase of the Open Season justify it, GRTgaz and Fluxys will define according to the results the final scope of the Project based at least as well on economic as on technical criteria, in the framework of a second and Binding Phase (the "Binding Phase"), in cooperation with CRE and CREG acting in their respective areas of competence, as defined in the relevant national regulations. A feedback will be given to inform interested parties of the economically viable opportunities which are withheld for a potential Binding Phase later on. Further information and documents will be sent to interested parties for the Binding Phase in due time. The Binding Phase, if any, is expected to be launched from October 2010.

Further information following this Information Memorandum would include, in particular and insofar needed:

- more details on the offered services in terms of quantity (minimal and maximal offered capacity) and of services (more precise definition of firm and conditional capacity, as the case may be),
- update of tariff information, the case may be,
- final and detailed coordinated allocation rules applied on binding requests.

In France, should a Binding Phase be organised after the Non-Binding Phase, an interested party submitting a binding offer will commit to conclude with GRTgaz an agreement to reserve capacity as from the end of the allocation procedure. Under such agreement, the said party will undertake to execute the related transmission contract to be in effect once the capacity is deemed available. From the execution of an agreement to reserve capacity, the interested party shall comply with the French law, especially with French regulation in terms of authorizations and licences, and with GRTgaz's internal policies in particular in terms of financial guarantee. GRTgaz transmission contract would be amended to the extent needed to take into account any new service subscribed in the framework of this Open Season.

In Belgium, should a Binding Phase be organised after the Non-Binding Phase the Master Transit Services Agreement (MTSA) will need to be signed. Such MTSA constitutes the legal framework for all border-to-border transmission services in the Fluxys' grid and will allow the shippers to benefit from the increased flexibility and the numerous advantages of Fluxys' New Transit Services that was recently launched (see section 4). The MTSA also introduces a simplified contractual framework as new border-to-border transmission services will be booked by means of Transit Services Confirmations and Conditions, as the case may be, to be annexed to the MTSA.

## GRTgaz – Fluxys Cooperation

This Project is led by two experienced adjacent TSOs who have proved over the past years their ability to conduct and achieve large projects, either within their respective grid or at international interconnections, in coherence with the European expectations and their national obligations. Both TSOs regularly look into their respective market needs in order to provide fair and expected services. Today, all on-going developments reflect the willingness of GRTgaz and Fluxys to achieve the European integrated gas market.

In the past, GRTgaz and Fluxys have already cooperated on a number of projects. In 2007, GRTgaz and Fluxys jointly launched the North/South project, involving additional transmission capacity from the Zeebrugge area, The Netherlands and Germany towards France.

## GRTgaz: Shaping the future of gas transmission as a reference TSO ([www.grtgaz.com](http://www.grtgaz.com))

GRTgaz is the owner of the main natural gas transmission system in France. Responsible for its commercialization, GRTgaz was created to provide an entirely even-handed service to all parties wishing to enter the French market.

Its mission is to foster genuine competition between natural gas producers/suppliers for the benefit of gas consumers, whether industrial or residential users. In this capacity, GRTgaz seeks to develop the transmission system in order to offer consumers the competitive prices generated by a diversity of supply sources.

GRTgaz provides transmission services on behalf of natural gas shippers, natural gas suppliers on the French market or traders who buy and sell natural gas on the European markets. Transmission entails receiving a given quantity of natural gas at one or more entry points on the transmission system and releasing a quantity of gas with the same energy content at one or more delivery points on that system.

GRTgaz provides connection and delivery of natural gas to industrial customers connected to the transmission system, and to the distribution systems.

## Over the past years, GRTgaz has successfully initiated a number of network developments:

- 1 In 2005, GRTgaz undertook a market consultation in order to assess the need for new entry capacity at Obergailbach. The outcome of this consultation prompted GRTgaz to plan a two-stage process for the development of entry capacity: the first stage increased firm entry capacity up to 2 million m<sup>3</sup>(n)/h (eq. 550 GWh/day) at the end of 2008. The second stage increased firm entry capacity up to 2,6 million m<sup>3</sup>(n)/h (eq. 620 GWh/day) at the end of 2009.
- 2 In 2007, Fluxys and GRTgaz launched a coordinated open season, as referred to above, to identify the need for additional transmission capacity from Belgium to France.
- 3 In 2009, GRTgaz, together with TIGF, Enagás, Naturgás Energia Transporte, conducted a joint open season for the development of transmission capacity between France and Spain in both directions after 2013. This market consultation was at the heart of the discussions of the South Gas Regional Initiative, led by the French, Spanish and Portuguese regulators with the active participation of transmission system operators. This market-based procedure is being conducted in partnership.

In the first stage of this consultation:

- 100 000 m<sup>3</sup>(n)/h (eq. 27 GWh/day) of capacity have been allocated for 2013 on the GRTgaz South – GRTgaz North interconnection,
- 420 000 m<sup>3</sup>(n)/h (eq. 115 GWh/day) on the GRTgaz South – TIGF interconnection, and 550 000 m<sup>3</sup>(n)/h (eq. 149 GWh/day) for the reverse flow,

In the second stage to be held in 2010, additional capacity is expected to be available as from 2015.

## Fluxys: Vision to play a key role in developing the integrating North-Western European regional natural gas market ([www.fluxys.com](http://www.fluxys.com))

Fluxys is the independent operator of the natural gas transmission and storage infrastructure in Belgium. Through its subsidiaries Fluxys LNG and Huberator, the company also operates the liquefied natural gas (LNG) terminal in Zeebrugge and the Zeebrugge Hub, one of the leading short-term gas markets in Europe. Through the development of its infrastructure into a central crossroads for international gas flows, Fluxys contributes to a well-functioning market and security of supply in North-Western Europe. The vision of the company is to play a key role in developing the integration of the North-Western European regional natural gas market.

Over the past years, Fluxys has built up proven experience with open seasons through successfully concluding several market consultation processes.

- In July 2004, Fluxys subsidiary Fluxys LNG completed an open season pursuant to which investments were made to double the throughput capacity of the Zeebrugge LNG terminal. Investments linked to this open season were finalised in 2008.
- In June 2005, Fluxys launched an open season to assess market demand for new east/west border-to-border transmission capacity on the Zeebrugge-Zelzate/Eynatten transmission route. The open season led to contracts with 16 grid users for additional border-to-border transmission flows in both directions on the route in question. An overall capacity of about 10 bcm/y per year (eq. 114 TWh/y) has been subscribed to and the additional capacity, currently under construction, is planned to be available by the end of 2010.
- Fluxys launched in April 2007 an open season for new North/South border-to-border transmission capacity. This open season, as mentioned above, led grid users to subscribe to a substantial capacity for additional flows from Zeebrugge to 's-Gravenvoeren (Belgian-Dutch border) or Eynatten (Belgian-German border) to Blaregnies (French-Belgian border).
- Considering the rising importance of LNG for natural gas supplies into Europe, Fluxys LNG launched an open season in December 2007 to assess the level of demand for additional capacity at the Zeebrugge LNG terminal. Several LNG players have expressed a non-binding interest in various types of capacity. Fluxys LNG has studied the concrete technical and economic aspects of these expressions of interest and the project proposal for a second capacity enhancement is being discussed with the interested customers.
- In June 2009, Fluxys launched an open season for additional border-to-border transmission capacity towards the Grand Duchy of Luxembourg. Non-binding commitments were provided by several interested parties in September 2009. Late February 2010, shippers committed on and secured long term capacities to the Grand Duchy of Luxembourg for a total amount in line with the actual consumption of the Grand Duchy of Luxembourg market.

## COMMERCIAL MODEL

# 4

The infrastructure which could be developed as a result of this Open Season will be operated by GRTgaz on the French side and by Fluxys on the Belgian side of the border under the applicable commercial models.

### France: Commercial model GRTgaz

GRTgaz sells transmission services in its system in the form of access to entry/exit zones. This fully unrestricted entry-exit model allows system users to ignore the physical links between entry points and exit points within a zone, enabling the gas market to work flexibly and competitively.

#### The commercial model offers the following opportunities:

- any consumer in a defined zone can be supplied with gas from any entry point in the zone, and conversely any supplier on an entry point can supply any consumer within the zone;
- a corollary to this fluidity is that gas volumes, once available in a defined zone, can be traded without reference to source or destination, and shippers can also trade subscribed capacity without restriction;
- capacity can be requested and subscribed, up to the quantities available, whatever the intended purpose.

Shippers balance their gas entries and exits in each of the current entry/exit zones, which are therefore also called balancing zones: the GRTgaz North Zone and the GRTgaz South Zone.



## Belgium: Commercial model Fluxys

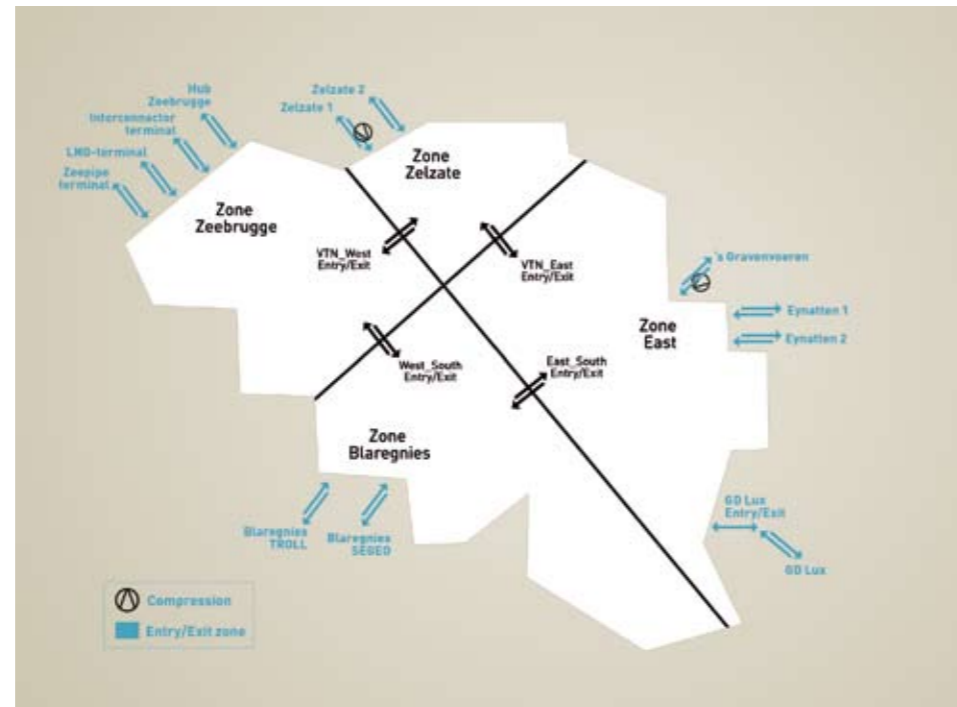
Considering market signals requesting enhanced flexibility for its border-to-border transmission services, Fluxys launched a new commercial model early 2010. These New Transit Services allow more flexibility for the booking of services and more nomination possibilities according to Entry/Exit operating rules.

**The new concept consists in Entry and Exit model per zones: border to border transmission capacity subscribed by shippers is translated into:**

- Entry and Exit capacity rights on Entry/Exit Points and,
- Entry/Exit capacity rights between zones for transmission between zones.

Shippers can reserve capacity on the different points separately, allowing additional arbitrage opportunities by adding specific capacity rights in their portfolio.

Depending on the non-binding market interest, Fluxys will determine how the new Entry Point shall be incorporated in the commercial model.



## REGULATION AND TARIFF

# 5

Prior to the publication of this Information Memorandum, Fluxys and GRTgaz have consulted their respective national regulatory authorities (CREG and CRE) with respect to the applicable tariff framework and the capacities offered through the coordinated Open Season.

CREG and CRE will act within their respective areas of competence, as set out respectively in the Belgian and French national frameworks for energy regulation.

The marketing of transmission capacities is currently regulated by EU Directive 2003/55, to be replaced by the EU Directive 2009/73 which provides for a regime of regulated transmission tariffs and third-party access.

### France

The current EU Directive was transposed in French national law n°2004—803 of 9 August 2004.

Tariffs are proposed by CRE and approved by the French Ministry of Energy. The current tariff period covers the years 2009 to 2012. The capacity offered through this Open Season will be sold at the tariff to be set by CRE for the applicable tariff period(s). This Information Memorandum takes into account the outcomes of CRE public consultation carried out in February-March 2010<sup>1</sup> and CRE deliberation on the development of firm natural gas transmission capacities from France to Belgium<sup>2</sup>.

The methodology used by CRE to set up transmission tariff is described in CRE's tariff proposal of 10 July 2008 for use of natural gas transmission networks<sup>3</sup>.

To give visibility to the market on the Open Season, the deliberation published on 29 April 2010 provides guidance on tariffs which may be proposed to the French Ministry of Energy.

In the first scenario, firm exit capacity from France to Belgium are offered at a level of 300 000 m<sup>3</sup>(n)/h (80 GWh/d).

In the second scenario of 1 500 000 m<sup>3</sup>(n)/h (405 GWh/d) at the New Interconnection Point, two (2) different kinds of services could be offered by GRTgaz:

- 1 A firm exit capacity from GRTgaz North Zone to the New Interconnection Point offered to all interested parties for which the indicative firm tariff shall be applicable; the level of firm capacity could be 370 000 m<sup>3</sup>(n)/h (100 GWh/d).
- 2 A conditional exit capacity offered to shippers provided they have subscribed at the entry from the Dunkirk LNG terminal project (assuming it is developed) and/or at the Dunkirk Interconnection Point. The conditional requested exit capacity must be lower than the sum of subscriptions at both Dunkirk entries. The level of conditional exit capacity could be 1 120 000 m<sup>3</sup>(n)/h (305 GWh/d). This conditional exit capacity shall be usable only if interested parties nominate at least the same quantity at the entry from the Dunkirk LNG terminal project and / or the Dunkirk Interconnection Point as at the new exit point.

For firm capacity, considering the uncertainty over the direction of dominant flows between France and Belgium after 2015, the tariff charge for the France to Belgium direction could be set up at the same level as the tariff charge in force for entry capacity at Taisnières from Belgium to France.

<sup>1</sup> Cf. "Synthesis of responses to the public consultation of the French Energy Regulatory Commission (Commission de régulation de l'énergie - CRE) on developing firm natural gas transmission capacities from France towards Belgium", available on CRE's website in French and in English ([www.cre.fr](http://www.cre.fr)).

<sup>2</sup> Cf. "Deliberation of the French Energy Regulatory Commission (Commission de Régulation de l'Énergie - CRE) providing guidance on the development of a new gas interconnection point creating firm transmission capacities from France to Belgium" as of 29 April 2010, available on CRE's website in French and in English ([www.cre.fr](http://www.cre.fr)).

<sup>3</sup> Cf. "CRE's proposal of 10th July 2008 for use of natural gas transmission networks" available on CRE's website, in French and in English. For updated tariffs, Cf. "Deliberation of the Energy Regulatory Commission of 3rd December 2009 on the proposal to modify the tariffs for the use of natural gas transport networks", available on CRE's website, in French and in English ([www.cre.fr](http://www.cre.fr)).

This price range is coherent with the tariff level resulting from a cost coverage approach calculation. Before the Binding Phase starts, CRE will provide a more detailed tariff visibility taking into account the results of the Non-Binding Phase and of the technical and economic studies jointly carried out by GRTgaz and Fluxys.

In the first scenario (Taisnières H), a variable cost for deodorized gas will have to be added to the exit capacity tariff. Approximate tariffs for deodorized gas based on GRTgaz hypotheses have been presented in the public consultation carried out by CRE on 17 February 2010<sup>4</sup>.

In the second scenario (the New Interconnection Point), tariff for conditional capacity would be half the firm capacity tariff.

Studies are still conducted on the level of capacities including the definition of the terms and conditions, under which those services would be offered in a possible Binding Phase. The conditions of use and limits, if any, will be described in due time in order to clarify how those services would be provided to the interested parties who wish to make binding requests to the extent feasible at the time of the said Binding Phase.

#### Belgium

The EU Directive was enacted into Belgian national law in the existing Gas Act of 1965. The regulated system is designed to guarantee all shippers access to the grid at regulated tariffs and on a non-discriminatory and transparent basis. If an additional entry to the Belgian grid is to be developed, all necessary arrangements will be made to fully incorporate this point into the existing tariff model and tariffs will be determined in line with tariffs applicable for existing infrastructure.

The applicable tariff for transmission capacity at New Interconnection Point entry and Blaregnies shall be the regulated tariff as approved by the CREG in due time. For information purpose, the indicative tariff for firm transmission capacity for entry in New Interconnection Point and exit in Zeebrugge (either IZT, HUB, LNG Terminal or ZPT), under the applicable commercial model as described under chapter 2, will be a maximum of 19 €/m<sup>3</sup>(n)/h/year (or 69,44 €/MWh/d/year<sup>5</sup>), assuming that:

- the natural gas at the New Interconnection Point will be made available at any pressure within the range as requested by Fluxys, up to 84,5 bara; the natural gas at the New Interconnection Point will be made available at a pressure subject to both TSOs' agreement and still under study by both TSOs, and implying as of today that Fluxys would not invest in additional compression capacity in connection with the Project ;
- the natural gas is compliant with the relevant gas quality specifications to be agreed by both TSOs;
- such indicative tariff shall be indexed yearly at the Belgian Consumer Price Index (CPI); and
- sufficient long term bookings subscribed by the shippers (indicatively assumed to be 1 000 000 m<sup>3</sup> (n/h/year)) in the framework of the Binding Phase make the Project economically feasible.

<sup>4</sup> Cf. "Public consultation of the French Energy Regulatory Commission (Commission de Régulation de l'Énergie - CRE) on developing firm natural gas transmission capacities from France towards Belgium", as of 17 February 2010, available on CRE's website in French and in English ([www.cre.fr](http://www.cre.fr)).

<sup>5</sup> GCV used for conversion equal to 11,4 kWh/m<sup>3</sup>(n)

## ALLOCATION PROCESS

6

If the Non-Binding Phase of the Open Season for the Project results in a Binding Phase, then Fluxys and GRTgaz:

- will inform the interested parties about the allocation rules to be applied during the Binding Phase in due time at the latest at the launch of such Binding Phase;
- will coordinate during the Binding Phase the allocation of capacity at both sides of the border for any interconnection point.

## CREDIT-WORTHINESS

7

Fluxys and/or GRTgaz may request from interested parties to subscribe to long-term commitments in order to underpin the necessary investments. It would then be required from the interested parties to demonstrate sufficient financial standing to underwrite these commitments under the applicable agreements to be entered into with GRTgaz and/or Fluxys.

Indeed, the interested parties may be requested to provide GRTgaz and/or Fluxys with financial guarantees to cover their commitments towards GRTgaz and/or Fluxys in respect of the capacity requested under the Binding Phase of this Open Season and once allocated in the framework of the transmission contracts.

## CONFIDENTIALITY AGREEMENT

8

Interested parties shall complete, sign and send in two original copies the attached Confidentiality Agreement Form(s) (Attachments 2A and 2B) to GRTgaz and/or Fluxys respectively. The Confidentiality Agreement Form(s), duly completed and signed, should be submitted to GRTgaz and/or Fluxys no later than 30 June 2010. The participation in this Open Season and access to further information and/or documents to be eventually given to interested parties during the Open Season is subject to reception in due time of the duly completed and signed Confidentiality Agreement Form(s).

## INDICATIVE TIMETABLE

9

- (I) **31 May 2010**  
Information Memorandum sent out by Fluxys and GRTgaz to potential capacity subscribers
  - (II) **Mid-June 2010**  
Shippers' meeting in Paris
  - (III) **30 June 2010**  
Deadline for parties interested in the Project to submit their Confidentiality Agreement Forms
  - (IV) **May-August 2010**  
Discussions with interested parties on matters relating to the scope of the Project and questions arising from the Information Memorandum
  - (V) **26 August 2010**  
Deadline for the interested parties to submit their Non-Binding Capacity Forms
- In case of Binding Phase:
- (VI) **From October 2010**  
Open Season Binding Phase: consultations and negotiations with prospective shippers

## POINT OF CONTACT

10

### Point of contact

Any request for additional information or questions in relation to the Project and/or this Information Memorandum should be addressed to:

#### GRTgaz

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