

MARKET CONSULTATION ON BALANCING TARIFFS IN THE BELUX AREA IN 2017

7 September 2016 – 27 September 2016

1 INTRODUCTION

In accordance with CREG decision (B)150903-CDC-656G/29, Fluxys Belgium shall introduce a proposal to CREG for approval, regarding the balancing tariffs applicable during the next balancing period (1st of January 2017 and the 31st of December 2017).

In this context, a market consultation is organized on the proposed balancing tariffs applicable during the next balancing period.

The balancing tariffs consist of the neutrality charge, the small adjustment “helpers” and the small adjustment “causers”.

For the sake of clarity, Balansys (balancing coordinator in Luxembourg) will also introduce a proposal to its regulatory authority (Institut luxembourgeois de Régulation), regarding these tariffs and period.

2 LEVEL OF THE BELUX NEUTRALITY ACCOUNT

In accordance with CREG decision (B)150903-CDC-656G/29, the level of the BeLux neutrality account by 30 June 2016 shall be taken into account in order to determine the neutrality charge for the next tariff period.

End of June 2016, the BeLux neutrality account was standing at -267.072 €.

In accordance with Commission Regulation (EU) No 312/2014 (BAL NC), the level of the BeLux neutrality account is published every month on the website of Fluxys

Belgium:

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

3 PROPOSED BALANCING TARIFFS FOR THE NEXT TARIFF PERIOD

3.1 Neutrality Charge

In accordance with article 29 of BAL NC, balancing activity must be financially neutral : *“the transmission system operator shall not gain or lose by the payment and receipt of daily imbalance charges, within day charges, balancing actions charges and other charges related to its balancing activities“*.

During the first six months of 2016, the BeLux neutrality account decreased in average by approximatively 40k€ per month. Assuming a comparable trend during the last six month of 2016 and the whole year 2017, the BeLux neutrality account could reach -1 mio€ (to be recuperated from the market) by the end of 2017.

In order to reach a zero neutrality account by the end of 2017, a neutrality charge of 0.0055 €/MWh¹ could be introduced.

However, for the sake of simplicity, **we propose to maintain the current tariff of the neutrality charge at 0 €/MWh**. Indeed:

- Invoicing such neutrality charge would result in very low billing amounts for small portfolios²
- This additional charge could create an administrative burden for network users (most of them would likely have to adapt their billing system to include this new charge – likely small - in the amounts billed to their own clients).

This proposal is without prejudice to the possibility to submit a reviewed tariff proposal in the future (at the time of the next tariffs proposal or during the next

¹ Based on a consumption in Belgium and in Luxembourg ~ 185mio MWh/y

² The impact of this additional charge for a residential consumer of 20 MWh/year would represent 0,1 €/year on a total gas bill of ~1000 €/year

tariff period if necessary) in accordance with CREG decision (B)150903-CDC-656G/29.

3.2 Small Adjustments

Compared to 1 Oct. 2015 (beginning of the current balancing tariffs period), a decrease of the gas price of 38% was observed³. In order to maintain a sufficient incentive for the grid users to limit their imbalances⁴, we propose to increase the small Adjustment for causers from 3% to 5%.

Concerning the small adjustment for helpers and willing to continue to incentivize the shippers to contribute to the reduction of the market imbalance, we propose to maintain its value to 0%.

Those values are lower than the limit foreseen in the article 22.7 of the BAL NC (10%) and can be reviewed in accordance with CREG decision (B)150903-CDC-656G/29.

Most of the operators do not distinguish the small adjustment applied for causers from the small adjustment for helpers. Our analysis show that the balancing charges generated by the application of a small adjustment for causers of 5% combined with a small adjustment for helpers of 0% is comparable to the balancing charges generated by the application of a small adjustment of 3% applied indifferently to causers and to helpers and is therefore comparable to what is applied by operators in the neighboring market areas (and more particularly considering our proposal to continue to apply a neutrality charge of 0€/MWh, what is quite uncommon and in favour of the market).

³ ZTP-DA price 1 October 2015 was 18.5 €/MWh
ZTP-DA price 18 August was 11.6 €/MWh

⁴ As stated in the BAL NC, it is the network users' responsibility to balance their inputs against their off-takes, while the transmission system operator shall only carry out the residual balancing. The small adjustment shall therefore be set at a level which incentivizes network users to balance their inputs and off-takes.

Moreover, since the beginning of the current balancing tariffs period, Fluxys Belgium noticed an increase of the end-of-day market imbalances by most of the grid users.