

MARKET CONSULTATION ON BALANCING TARIFFS IN THE BELUX AREA IN 2019

9 July 2018 – 3 August 2018

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 (between 1st of January 2019 and 31st of December 2019).

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, the tariff proposal will be introduced jointly by Fluxys Belgium and Balansys¹ to CREG, while Balansys will also introduce such a proposal to Institut Luxembourgeois de Régulation (ILR), regarding these tariffs and period.

¹ balancing coordinator in Luxembourg and future balancing coordinator in the BeLux market

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 2018 shall be taken into account in order to determine the neutrality charge for the next tariff period.

End of June 2018, the BeLux neutrality account was standing at +3.004.672€.

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

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

3 PROPOSED BALANCING TARIFFS FOR THE NEXT BALANCING 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“*.

Taking into account the level of the balancing neutrality account end June 2018 and assuming a trend for the end-of-day settlements during the last 6 months of 2018 that is comparable to the trend observed the last 3 years, the BeLux neutrality account should reach +2.930 k€ by the end of 2018.

We therefore **propose to introduce a negative neutrality charge of -0,013 €/MWh for 2019** (payable to market participants pro rata to provisional exit energy allocation on domestic exit points). If the trend observed the last 3 years continues in the future, we expect the BeLux neutrality account to be reduced by around 2.500k€ in 2019 and to reach +280k€ by the end of 2019.

However, to prevent as much as possible the need to introduce a positive neutrality charge in 2020, if the balancing neutrality account² becomes negative we will introduce to the CREG a reviewed tariff proposal³ – based on this consultation – with a neutrality charge equal to 0 €/MWh.

² As published monthly on <http://www.fluxys.com/belgium/en/Services/Transmission/TransmissionTariffs/TransmissionTariffs>

³ In accordance with CREG decision (B)150903-CDC-656G/29

3.2 Small Adjustments

Since October 2015, Fluxys Belgium observes an increasing trend for end-of-day settlements for causers. We interpret this as a sign that the market is confident that the BeLux market-based balancing system ensures that settlements will be done at a fair price. As the end-of-day market position does not jeopardize network operations, there seems to be no need at this stage to define a higher incentive for shippers to be closer to the equilibrium end-of-day. However, to prevent a further increase of the end-of-day settlements for causers, a smaller incentive cannot be applied either.

We therefore propose to maintain the **small adjustment for causers** at its current value of **3%**.

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

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