

Consultation Report 28

Balancing Tariffs 2019

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1. INTRODUCTION

As from 9 July 2018 until 3 August 2018, Fluxys Belgium consulted the market on the proposed Balancing tariffs applicable for Calendar year 2019. In accordance with CREG decision (B)150903-CDC-656G/29, Fluxys Belgium shall indeed introduce a proposal to CREG for approval, regarding the balancing tariffs applicable during the next balancing period (e.g. 1st of January 2019 to the 31st of December 2019), by October 1st the preceding year. This consultation is therefore organized before such introduction.

2. CONSULTATION PROCESS

Fluxys Belgium launched this market consultation by announcement of the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all duly registered market participants and associations. During the period from 9 July 2018 till 3 August 2018, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Fluxys Belgium. Taking into account the different comments received, Fluxys Belgium submits for approval to CREG, the proposed tariffs as consulted.

3. OUTCOME OF CONSULTATION PROCESS

All comments received are listed and individually treated in the “Q&A” which makes part of the consultation report submitted to CREG – see appendices.

Feedback was received from 3 grid users and 1 representing organization(FEBEG). The market reactions were globally positive and welcoming the proposed tariff (e.g. maintaining the level of small adjustments, to 0% for helpers and 3% for causers and introducing a negative neutrality fee of -0.013 €/MWh).

However, Fluxys Belgium received the suggestion to envisage the alternative option to introduce the neutrality fee of -0.013€/MWh payable proportional to past imbalances instead of proportional to domestic exit points allocations. Fluxys Belgium considers that the proposed alternative option is not in line with the provisions defined in the tariff methodology approved by CREG (Decision (B) 150903-CDC-656G/29).

Fluxys Belgium received also the suggestion to evaluate the functioning of the small adjustment and to study the impact of the small adjustment for causers as an incentive to better pilot the grid users balancing position. A grid user suggested to evaluate a potential reduction of the small adjustment value for causers in order to avoid that the neutrality account increases again to a considerable amount. The analysis of the evolution of the imbalance positions of the grid users over time points to a stabilisation of the level of the imbalances. This seems to validate the role of the small adjustment for causers as an incentive to better steer one’s balancing position. The increase of the level of the neutrality account is mainly a consequence of the cold spell in Europe in February/March 2018 where shortfall settlements were done at the highest transaction price. Fluxys Belgium noticed an increase in the end-of-day settlements when market is short and an increase in the number and volume of within day balancing actions in 2017-2018. In this regard, reducing the small adjustment for causers would send a counterproductive signal to the market by reducing the incentive to balance one’s position.

FEBEG welcomes our proposal to introduce a new intermediate neutrality charge of -0.013€/MWh with the possibility to submit a new tariff proposal to CREG - with a zero neutrality charge - should the BeLux neutrality account become negative without organizing a new market consultation as this approach avoids an unnecessary consultation and, related administrative burden. However FEBEG

would nevertheless welcome clarification about such possibility. Fluxys Belgium would like to clarify that a new balancing tariffs proposal will be introduced to CREG for approval without prior specific market consultation if and when the BeLux neutrality account becomes negative within the calendar year 2019. The level of the neutrality account is updated each month and published on Fluxys Belgium's website. The only modification in such case will be the application of a zero neutrality charge as from the approval of such neutrality charge by CREG and until the end of the period (calendar year 2019). Shippers will be notified by Fluxys Belgium if and when an updated tariff proposal for covering such case is submitted to CREG, and obviously of related CREG's decision.

4. APPENDICES

4.1 Appendix 1: Market consultation – public material

4.2 Appendix 2: Market consultation – confidential material