



Consultation on the key elements of the considered
introduction of an update to the FLUXYS LNG approved
tariffs for the use of the LNG Terminal

11th May 2020 – 29th May 2020

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1 EXECUTIVE SUMMARY

In accordance with the procedure for the introduction and approval of tariff proposals agreed between Commission for Electricity and Gas Regulation (hereinafter referred to as "CREG") and Fluxys LNG, Fluxys LNG is organising a consultation on the key considered evolutions of the regulated tariffs for the use of the LNG Terminal as approved by CREG. This consultation is made in connection with the consultation on the amendments to the regulated documents for LNG terminalling that is launched at the same time.

The key proposed amendments to the LNG tariffs in the envisaged update of the tariff proposal concern the reframing of Small Scale Berthing Right into Stand Alone Berthing Right¹, the tariff remaining the same; the introduction of a tariff for the new unloading service related to a Stand Alone Berthing Right and the introduction of the Stand Alone Send-Out service that will be offered once approved by CREG.

This update to the tariff proposal will also include, in accordance with CREG decision (B)657G/17, an update of the total investment for the 5th tank and the associated compressors.

2 AIMS OF THE CONSULTATION, PROCEDURE AND SCOPE

According to Article 13 of the procedure for the introduction and approval of tariff proposals and tariff modifications, as concluded between CREG and Fluxys LNG on 24 January 2018 and as published on CREG's website², Fluxys LNG must organize a market consultation before it submits its tariff proposal. This consultation covers the key elements of the considered evolutions to the tariffs for the use of the Zeebrugge LNG Terminal (LNG tariffs) approved on 27 June 2019 (decision (B)657G/17).

Following the consultation, Fluxys LNG will draw up a consultation report explaining how and why the various comments have or have not been taken into account. The comments from the stakeholders who were consulted and the consultation report are submitted as annexes to the tariff proposal.

The envisaged modifications to the LNG services (i.e. the reframing of the Small Scale Berthing Right into Stand Alone Berthing Right, the related unloading service and the Stand Alone Send-Out service), and the related amendments to the regulated documents are consulted³ simultaneously by Fluxys LNG from 11 May 2020 until 29 May 2020. The tariff modifications regarding these services go hand in hand with the amendments to the regulated documents.

3 GENERAL CONTEXT

With regard to the regulatory framework, CREG set and published a tariff methodology establishing the framework for the calculation of tariffs on 28 June 2018 (decree – (Z)1110/11) in accordance with Art.15/5bis of the Belgian Gas Law. The current amendment to the

¹ To be used together with existing LNG Redelivery (loading) services or newly introduced LNG Delivery (unloading) services

² <https://www.creg.be/sites/default/files/assets/Tarifs/Fluxys/Methodo20-23/20180124-Overeenkomst-Fluxys.pdf>

³ All information on consultation available on <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions>

approved tariff proposal under consultation is made in the framework of this tariff methodology.

4 PROPOSED UPDATES TO THE APPROVED TARIFF PROPOSAL

New services and tariffs

Fluxys LNG wants to confirm the tariff for the Stand Alone Berthing Right⁴ and considers introducing a tariff for the newly developed ship unloading service in the framework of a Stand Alone Berthing Right. Indeed Fluxys LNG aims at further supporting the development of the small scale LNG market in North-West Europe and therefore wishes to offer suitable services and tariffs for unloading small LNG cargoes at its Zeebrugge LNG Terminal. The tariff for Stand Alone Berthing Right remains at 25.597,21 EUR and is due on a take-or-pay basis. The related ship unloading service is at 0,67 EUR/MWh unloaded during the operation for which the Stand Alone Berthing Right was subscribed. The 0,67 EUR/MWh charge only applies as from 38.205 MWh unloaded which means the first 38.205 MWh unloaded in the framework of the subscribed Stand Alone Berthing Right are free of extra charge. These tariffs are cost reflective, expressed in "2003 basis" and are subject to monthly indexation as all Fluxys LNG tariffs.

To further improve its services offering at the LNG terminal, Fluxys LNG considers introducing a new tariff for the newly developed Stand Alone Send-Out service. The proposed tariff for the Stand Alone Send-Out is at 1,37 €/(kWh/h)/year. This tariff is in "2003 basis" and is subject to monthly indexation.

The tariffs "basis 2003" are expressed in basis July 2003 and are indexed monthly as from August 2003 according to following formula: $0.65 + 0.35 * I_{m-1} / I_{m0}$

where:

- I_{m0} is the Consumer Price Index (CPI) of the 1st of July 2003 (112,59, in basis 1996)
- $I_{m-1} = I_{m-2} * (\text{CPI of Month } M-1 / \text{CPI of Month } M-2)$

With

- I_{m-1} not higher than 1,03 times the index I_{m-1} used for calculating the tariffs of the most recent month of August
- I_{m-1} for August 2003 is 112,59 (basis 1996)
- I_{m-2} is the value of I_{m-1} used the previous month to calculate the tariffs.

For example, for April 2020, using the described indexation, the proposed tariffs would have been as followed:

- Stand Alone Berthing Right: 28.459,03 EUR
- Ship unloading service related to a Stand Alone Berthing Right: 0,75 EUR/MWh unloaded in case more than 38.205 MWh are unloaded
- Stand Alone Send-Out service: 1,52 €/(kWh/h)/year.

The terms and conditions for subscribing and using the Stand Alone Berthing Right, the related ship unloading service and the Stand Alone Send-Out service are consulted in parallel to this

⁴ Formerly known as Small Scale Berthing Right

consultation, in consultation 43⁵ on the amendments to the regulated documents for LNG Terminalling.

Updates to the tariff model

In its 27 June 2019 approval decision of the amended LNG tariffs (decision (B)657G/17), CREG invited Fluxys LNG to submit an updated tariff proposal after the completion of the construction of the 5th tank and the additional compressors.

Based on this request and given the commissioning of the 5th tank and the additional compressors in December 2019, Fluxys LNG intends to submit to CREG an updated tariff proposal regarding the investment amounts.

Apart from the updates of the investment amounts, the confirmation of the tariff of the Stand Alone Berthing Right and the introduction of the new tariffs for ship unloading services related to a Stand Alone Berthing Right and the Stand Alone Send-Out service as explained in the previous paragraphs, the tariff principles and methodology remain unchanged compared with the ones which were approved by CREG on 27 June 2019.

5 TARIFF SHEET

No change is expected to the tariff sheet except the introduction of the new tariffs as explained in the previous section and which would be effective as of approval by CREG. An indicative tariff sheet can be found in Annex A.

6 INVITATION TO REACT

We would like to invite all interested parties to submit any comments they may have on this document by email at following address: marketing@fluxys.com and this before 6.00 p.m. on 29 May 2020. We also ask you to specify in your response, whether the content is to be treated as confidential or not. Unless otherwise mentioned, all comments will be treated as non-confidential. In case of a confidential response, please provide a non-confidential version.

⁵ All information on consultations are available on <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions>