



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

22 December 2020 – 15 January 2021

18 December 2020

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 organizing 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 LNG Programme 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 main elements of the investment that is considered following the successful open season on additional stand alone send out capacity. The considered investment will not lead to a change of the tariff for the stand alone send out capacity.

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 website¹, 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 17 December 2020 (decision (B)657G/20).

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 tariffs and the related amendments to the LNG Programme are consulted² simultaneously by Fluxys LNG from 21 December 2020 until 15 January 2021.

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

¹ <https://www.creg.be/sites/default/files/assets/Tarifs/Fluxys/Methodo20-23/20180124-Overeenkomst-Fluxys.pdf>

² All information on consultation available on <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions>

4 PROPOSED UPDATES TO THE APPROVED TARIFF PROPOSAL

Considered investment

Fluxys LNG considers introducing in its tariff update the considered investment for an expansion of the LNG terminal for additional stand alone send out capacity following a successful open season (10,5 GWh/h/year subscribed long term).

Fluxys LNG will take a decision on this investment at the latest in February 2021.

Given the expected total amount of the investment, the additional operational expenses, the remuneration of the investment for the operator of the Terminal (under control and approved by the CREG) and the revenues generated by the subscribed capacity, the stand alone send out tariff will remain unchanged at 1,37 €/(kWh/h)/year (basis 2003). As all Fluxys LNG tariffs, this tariff 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 December 2020, using the described indexation, the stand alone send out capacity tariff is 1,52 €/(kWh/h)/y.

Apart from the introduction of the new elements for the considered investment in the stand alone send out expansion, the tariff principles and methodology remain unchanged compared with the ones which were approved by CREG on 17 December 2020.

5 TARIFF SHEET

No change is expected to the tariff sheet. 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 15 January 2021. 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.